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TRADITIONAL, MODERN CONCEPTS OF NAVAL STRATEGY ANALYZED

Aldershot NAVAL FORCES in French Vol 1, No 4, 1980 pp 80-84

[Article by Vice Admiral Pierre Lacoste, French Navy, senior military advisor to the prime minister: "Prospects of Modern Naval Strategy"]

[Text] This article expresses the author's personal opinions and does not necessarily reflect the official views of the French Navy and Ministry of National Defense.

The issue of the role, tasks, and future of navies in the modern world raises many difficult questions. The arms race, the technical revolutions in warships and weapons, and, above all, the world's politico-strategic evolution in this age of nuclear weapons of mass destruction, all make it increasingly difficult to transpose the lessons of history. World War II is the most recent naval warfare reference available to naval experts. Yet can that war still serve as a valid example from which to determine the possible forms of future combat operations at sea and prepare naval forces for the opposition they are likely to face?

We shall first review how World War II reconfirmed the validity of traditional concepts of naval strategy. Then we shall highlight the importance and impact of the revolution brought about by strategic nuclear-powered submarines.

The main effect of the existence of deterrent forces is to make the outbreak of a major naval conflict improbable. Nevertheless, because the possibility of direct clashes between navies cannot be ruled out, we shall offer a few assumptions on those factors that might be most decisive in determining the outcome of naval battles.

World War II naval warfare history is an excellent illustration of the soundness of the geopolitical and strategic concepts of the Anglo-Saxon school of thought. A few examples are enough to remind us of this.

Great Britain's ability in 1940 to hold out, by itself alone, against German military power was unquestionably due to its insular situation and to the resources it received, via the seas of the world, from its own empire and from the industrial might of the United States. Germany's strategic naval objective could only be, quite obviously, to interrupt shipping of supplies to the British Isles via the Atlantic. Indeed this was the goal of German submarine warfare against British ships and convoys. At the same time, the magnitude of the stakes involved amply justified the gigantic effort made by the British in developing effective antisubmarine warfare countermeasures.

The Mediterranean theater offers us another example of naval strategy. Pursuant to its imperial tradition of the "route to the Indies," Great Britain considered it vitally important to maintain its lines of communication through the Mediterranean basin. Germany, however, which did not receive all of the help it could have expected from its Italian ally when one considers Italy's exceptional geographical location, attempted with the campaigns of its Afrika Corps, offensive operations in Greece and Crete, and various episodes of the battle for Malta, to achieve success in the direction of Egypt, a victory that could have been decisive in determining the outcome of the war.

Beginning in 1942, the entry of the United States into the war and the vicissitudes of operations in the Pacific provided new examples of grand naval strategy. Looking at World War II from a geostrategic viewpoint, the American continent was comparable to an island on a global scale, and the United States seized the torch of "master of the sea" from England. The United States had to cope with its enemies on two fronts: the African-European front and the Pacific front. Air and naval forces were the dominant factor in the war in the Pacific. The aircraft carrier dethroned the battleship, the main combat ship of previous wars. Air supremacy became as decisive a factor in the war at sea as in the war on continental battlefields. At the same time, massive amphibious operations introduced a new way of projecting seaborne power against land targets and territories. The victorious conduct of American combined air and naval operations confirmed the soundness of the principles applied by the U.S. Navy which had not forgotten the precepts of Admiral Mahan who held that the determining condition of success is destruction of the enemy's main force.

In Africa and Europe, control of the seas was definitely the reason the Allies successfully carried out their large-scale strategic envelopment, a maneuver based on amphibious landings designed to establish beachheads in North Africa, Sicily, and then in France. Having won the lines of communication battle, the Anglo-Saxons were then able to draw from their immense overseas resources by using the world's sea lanes, not to mention the considerable seaborne support they furnished Soviet Russia.

Remarkable technical advances were made in all forms of naval warfare. New weapons, new equipment, such as radar, for example, radically changed combat conditions. Yet if we look at the situation through the strategist's eyes, we see that combat operations were, all things considered, but a further illustration of a classical pattern, namely that of a war between naval powers and continental powers. In the clash between the "master of the sea" and the "master of the land," the former's objectives simply stated are: control of the seas enables the naval power to keep open the sea lanes over which supplies and reinforcements are forwarded, in other words, perform the navy's logistical task. This control of the seas also enables the naval power to use ocean spaces as it pleases in applying seaborne amphibious and air forces against the resources and territories of its continental adversary, in other words, perform the navy's strategic maneuver task.

For that matter, NATO's naval strategy is still based directly upon the general pattern of World War II, namely open lines of communications and the projection of power. In the event of war in Europe, deployment of American military power would depend upon open sea lanes across the Atlantic. Strategic maneuvers on the northern

and southern flanks of the European peninsula would greatly depend upon the naval and naval air forces organized around American aircraft carriers.

Conversely, Soviet Russia's naval strategy consists in "challenging" the west's mastery of the seas by aiming simultaneously at the latter's ocean shipping and combined naval and naval air attack forces. Naval expansion programs on each side since 1945 have been consistent with this pattern, the outstanding feature of which is the extraordinary effort made by the USSR to build a combat force on a scale equivalent to the force deployed by the United States.

This pattern is altogether incomplete, however, insofar as it excludes the momentous transformation which has taken place since World War II, namely the introduction of nuclear forces of mass destruction into the arsenals of the world's great powers.

In 1944, V-2 rockets, the first ballistic missiles, were launched against London.

In 1945, the first atomic bomb was detonated above the great urban center of Hiroshima, instantaneously causing as much damage and as many casualties as a raid by hundreds of bombers.

In 1958, the "Nautilus," the first nuclear-powered submarine, cruised under the North Polar Ice Cap.

The new capabilities provided by technical revolutions in the field of explosives and delivery vehicles gave the United States initially, and Soviet Russia soon thereafter, access to intercontinental-range weapons capable of inflicting damage on the enemy to an extent incommensurable with the destruction caused in previous wars. Total war would henceforth no longer spare the "rear areas," a nation's entire population would be held hostage. The growing awareness of this terrifying danger to potential enemies produced the phenomenon of deterrence which became mutual once the initial monopoly of the United States changed into a relative balance in the nuclear arsenals of the two superpowers. Lastly, the possession of strategic nuclear forces by a medium-size power enables that power, even if its conventional and nuclear forces are incomparably weaker than those of the superpowers, to exert a "weak versus the strong" type of deterrence, insofar as the stakes involved in a war would be disproportionate to the risk of massive destruction of the potential aggressor's territory.

In the seas, the nuclear-powered submarine is the concrete fulfillment of the theretofore unrealizable dream of all submariners, namely the capability of remaining submerged indefinitely without having to resurface. The combination of this new ship, capable of remaining invisible and elusive in the depths of the ocean, with the nuclear-armed ballistic missile gives the strategic forces an additional powerful dimension. In fact, while it is conceivable that missile silos and likewise nuclear bomber bases might be destroyed by a preventive "counterbattery" strike, submarines on the other hand are shielded from such an attack. They are, therefore, the essential "second strike" weapon and represent assurance that the aggressor could in no case avoid retaliatory strikes against his homeland.

Without nuclear submarines, the risks of preventive destruction of strategic arsenals might tempt and incite an aggressor to get the advantage over his adversary by launching a first strike. The certainty, however, that a retaliatory second

strike would always be possible prohibits a potential aggressor from pursuing such a line of reasoning. As a result, naval forces find themselves assigned a new and absolutely vital task, and the oceans, like space, have assumed a new importance in maintaining the strategic balance and deterring total war.

What conceivable effects will this new situation have on assumptions about wars at sea and on the patterns of future naval strategy?

We should first note that while armed conflicts have practically never ceased throughout the world since 1945, on the other hand there has been no naval warfare. Except for a few engagements between coastal or regional forces and also the amphibious and force-projection operations in Asia (Korea and Vietnam), navies have not clashed in combat. Violence at sea has been curbed. Soviet combined naval and naval air forces have been able to expand prodigiously and gradually deploy throughout all the seas of the world without creating any serious incidents. This lack of violence is attributable to deterrence. Just as the major powers have thus far done their utmost to avoid direct confrontation between their armed forces and to maintain their territories in a status of inviolable "sanctuaries," they are likewise carefully avoiding making any overt attack on each other's maritime interests and starting an open conflict.

In the interests of clarity, we shall refer in the remainder of this article to direct and indirect strategies. The term "naval direct confrontation strategies" covers strategies employed by opposing naval forces as part of a major conflict between large navies, whereas "indirect strategies" refers to those strategies corresponding to a minor mode of employing armed power at sea.

Naval Direct Confrontation Strategies

It is not our intention to examine opposing forces for the purpose of making a comparative survey of the naval capabilities of each of the blocs. We shall, however, try to show how the principal technological advances in naval armament may probably effect the form and conduct of battles at sea.

Until the recent past, naval operations were conducted in three spaces: under the sea, on the surface of the sea, and in the airspace above the sea.

Since the advent of satellites, a fourth space now participates in naval operations. New means of observation, navigation, and communications give sailors the capability of maintaining surveillance over immense areas, pinpointing their position at sea with almost absolute accuracy, and communicating directly and securely under all conditions.

The main change in undersea warfare since the end of World War II is indisputably the application of nuclear propulsion to attack submarines. The latest antisubmarine warfare development is the progress made in underwater detection of very low frequency acoustic vibrations.

In combat operations on and above the surface of the sea, naval surface-to-surface sea-skimming missiles give even small ships the firepower and effective fire support range formerly available solely to very large ships.

The above examples are some of the most characteristic. Actually there are four pronounced major trends in the very broad spectrum of weapon systems and equipment: greater power, greater speed, greater range, and greater reliability.

Greater power: New weapons are much more powerful than those of preceding generations. Aircraft can carry 10 times the tonnage in bombs and missiles than 20 years ago. Rapid-fire guns have tremendous rates of fire and expend impressive amounts of ammunition. And above all, the introduction of nuclear explosives has made it possible to develop weapons that, pound for pound, are millions of times more powerful than conventional weapons.

Greater speed: Some ballistic and antiaircraft missiles fly at 6-7 times the speed of sound. Aircraft now have speeds of Mach 2 or Mach 3. Nuclear submarines travel faster than surface vessels. Increased speed reduces reaction time and demands ever increasingly efficient automatic controls and systems to respond to threats and replace or supplement human capabilities.

Greater range: attack aircraft and missiles have ranges of tens [as published] indeed even hundreds of kilometers. Observation satellites provide a global view and it is now possible to communicate instantaneously from one end of the world to the other.

Greater reliability: Precision guided missiles can unerringly hit their targets. But technical advances achieved in weapon systems are also making these systems more and more reliable and more and more automated.

What conclusions should be drawn from these above reflections? We shall limit ourselves to three. In the event of direct confrontations between naval forces, the decisive role should be played by the following: the nuclear-powered attack submarine, electronic warfare, and the attack-protection dissymmetry.

The nuclear attack submarine has such all-around assets and offensive capabilities that it appears to be the likely successor to the aircraft carrier as the capital ship of tomorrow's navies. Against this submarine, antisubmarine warfare forces and other means of protection seem quite inadequate. Especially when the new long-range, sea-skimming underwater-to-surface missiles are added to its arsenal of offensive weapons.

Electronic warfare is an omnipresent factor. It is no longer possible to plan the slightest naval operation without considering its electronic warfare implications. Combat forces must reckon with electronic warfare's innumerable techniques and tactics in all of their tasks: detection, communications, attack, and defense; in all mediums: under and above the sea; and at all levels: operation of weapon systems, basic tactics, or conduct of operations.

The attack-protection dissymmetry is an established fact confirmed by experience. Formerly, in the confrontation between battleship and gunfire, the battleship sometimes held out against the gunfire. Today, however, new offensive weapons have such power, speed and accuracy that they systematically tend to outclass protective systems. This is true with surface-to-surface, air-to-surface, and air-to-air missiles, and also with homing or wire-guided torpedoes. But this is also true on the strategic level with the basic dissymmetry produced by submarine-launched strategic intercontinental missiles.

Nevertheless, it does seem quite difficult to carry very far any logical reflection on the conditions of modern naval warfare because such rationalization quickly leads to contradictions or inconsistencies the moment we exclude nuclear weaponry.

As for tactical nuclear weapons, it is sometimes said that their employment in naval battles could be less fraught with consequences than their use in land battles. It is true that the fallout on or under the sea would have little effect on civilian populations. But the taboo on the use of this type of weapon is still very strong and we cannot see what tactical advantage could justify violating it and thereby running the risk of escalating very quickly to strategic nuclear weapons with their attendant irrational and unforeseeable consequences. If two great powers wage war against each other at sea to protect a vital interest, lines of communication or to resist invasion, why bother to sink convoys or destroy aircraft carriers when it is easy to destroy naval bases or ports of debarkation with a single bomb?

This is a very difficult question to answer, and for that reason it is advisable to give the greatest possible thought, above and beyond any total war scenarios, to the conditions under which more limited confrontations could take place, and also to all the possible ways naval forces could intervene in the indirect strategy's multiple scenarios.

The Sea and Indirect Strategies

The world is the scene of countless forms of conflict: ideological, racial, power, border, interest-related conflicts, etc. All of these conflicts do not degenerate into wars. Nations become involved in "economic wars" and "trade wars" without eventually resorting to armed force. Wars of subversion and revolutions do not necessarily draw regular armies into the fray...

Indirect strategies enjoy a privileged status in that they are not covered by either the rules of conduct or the voluntary restraints which the great powers have imposed on themselves out of fear of nuclear escalation. Military violence of limited intensity is also geographically restricted to theaters far from their national sanctuaries.

To protect their external interests, to furnish aid to "clients" or to their threatened allies, to avoid the dangers of any destabilization of a regional balance, the great powers resort to air and sea transports plus the presence of naval forces. Indirect military strategies are, therefore, synonyms of "external actions" in a world where power factors are becoming increasingly multipolar, and where, as a result, the oceans retain prime importance.

It so happens that navies are highly suitable for movement in a crisis situation and for participating effectively in the implementation of indirect strategies. This is due to the nature of the international environment in which they operate as well as to the type of actions for which they are trained and with which they are ordinarily confronted.

The open sea is an international space which is uninhabited but accessible to all. It could be the scene of limited clashes between "professionals" without thereby affecting populations or violating borders. It will be noted that the naval forces of potentially hostile nations are accustomed to meeting and passing each other at sea and of maintaining surveillance of each other's movements. As a result, they

have acquired a certain number of habits and reflexes which facilitate a subtle interplay of threats or deployments while avoiding dramatic consequences.

In peacetime, navies conduct a whole range of maneuvers that meet the indirect strategy's requirements exceptionally well.

For example, intelligence and security missions are conducted continuously at sea. Maritime patrol aircraft, submarines, electronic facilities are used in peacetime to maintain surveillance of sea approaches or else to reconnoiter for their own forces when the latter are deployed on the high seas. Daily training makes sailors highly proficient in the performance of these tasks for which they have developed tried-and-true tactics. There are manifold possibilities offered by the great maneuverability of naval forces, thanks to the mobility of ships and aircraft and to the ease with which they can be concentrated or deployed in a very short time.

This maneuverability also permits shifting from a potential threat to more concrete, but still limited, actions in response to the adversary's hostile moves. Because of the reversible and gradual nature of these actions, the publicity given to them or, on the contrary, the secrecy that may be maintained about them, it is possible to keep tight control over all responses to the adversary's unfriendly or hostile acts. This capability presupposes that the operating forces have highly secure, reliable, and efficient command, communications, and control systems.

Strict subordination of military forces to political authorities is absolutely essential in crisis situations, and everything must be done to prevent incomprehension and misinterpretation. This also presupposes information and intelligence of excellent quality, an unambiguous definition of the rules governing the use of equipment and of the rules of engagement for weapons (in self-defense, for example), all factors which condition attitudes and their perception by the adversary. Lastly, if acts of war were to be committed at sea at the end of a process of threats or retaliation, these acts could, in spite of everything, retain the character of clashes "between professionals" for whom war is one of the "occupational hazards." Moreover, such clashes would, at worst, be less fraught with consequences for world peace than armed conflicts of the "peoples war" or "total war" type.

In conclusion, the employment of naval forces, including naval aviation, in a crisis situation and according to the various conceivable indirect strategy scenarios, encompasses a very broad range of possibilities and corresponds to the principle of "making a show of force so as not to have to use it" or of carefully regulating the use of force while always retaining control of its limits.

This variation of the dialectic of deterrence is richer in possibilities, more flexible, and not as brutal as the dialectic of nuclear deterrence. Naval forces are, of course, not alone in contributing to such deterrence. The deterrent's air force and army components also have a part to play. But that part is frequently at a higher level of escalation because the action then leaves the neutral environment of international waters thereby shifting the fighting to national territories and endangering civilian populations.

The navies of today and tomorrow have, like yesterday's navies, the primary mission of fighting victoriously at sea. But the introduction of long-range ballistic missile-launching nuclear submarines has added an altogether new mission to the

traditional missions of battle fleets. At the same time, the terrifying prospect of mutual disaster that total war would bring about, prompts political and military authorities to consider a very wide range of defensive and offensive deterring actions adapted to the various possible types of international crises while still remaining below the threshold of global war.

As we have seen, naval forces have a manifold capacity for maneuvering in this type of situation. Consequently they should be adapted to the new conditions of global strategy so as to be able to play an effective part in crisis management and in defending their country's superior interests.

8041

CSO: 8119/083

CGIL-CISL-UIL POSITION ON DISARMAMENT

Rome CONQUISTE DEL LAVORO in Italian 14 Sep 81 p 19

[Text] The Federation of the Italian General Confederation of Labor (CGIL), the Italian Confederation of Labor Unions (CISL) and the Italian Union of Labor (UIL), addressing itself to the latest developments in the nuclear rearmament race and to the backdrop of tensions behind them, expresses the workers' great concern and stresses the urgent need to take concrete initiatives and make concrete gestures that will restore a spirit of dialogue and the practice of negotiations.

The CGIL-CISL-UIL Federation is aware of the fact that today detente can only be based on mutual security, balance of forces and controls. Nuclear rearmament can never be considered a means of defense because atomic weapons are always only instruments of mass destruction and can at best serve as deterrents and at worst as a means of retaliation.

The CGIL-CISL-UIL Federation deplores the fact that, beyond the identification of the responsibilities of the two blocks, and given the existence of NATO's decisions about the installation of Euromissiles in the context of the beginning of negotiations, negotiations have not yet begun and have been put off until an uncertain and unspecified future date.

The CGIL-CISL-UIL Federation is of the opinion that the government's decision to place the Euromissiles in Comiso was untimely, as precedence should be given to the need to verify, through negotiations, the possibility of obtaining an adequate reduction of the new missiles on the territory of the USSR aimed at Western Europe instead of to the installation of Euromissiles.

The CGIL-CISL-UIL Federation, therefore, strongly reaffirms the need for these negotiations to begin at once, without further delay, with the direct participation of Europe, which must be part of the negotiations rather than the passive subject of the negotiations, since serious consideration is being given to atomic warfare "limited" to our continent. Europe has a vital stake in overturning the present thinking behind the arms race and turning instead to reason and politics, in the name of Europe's very survival.

This commitment is all the more urgent now that, with the decision of the United States to produce the neutron bomb, an uncontrollable arms race has been unleashed again.

The CGIL-CISL-UIL Federation affirms, on the contrary, the need to stop an arms race which, although it is conducted in the name of security, brings diminishing and increasingly precarious security with an increase in the nuclear arsenal.

The CGIL-CISL-UIL Federation hopes for gradual and controlled but effective disarmament so that we can begin to transfer to the only just war that can exist on a global scale--that against underdevelopment and unemployment--the resources and capital, the equipment, the technology and the scientific knowledge now wasted on armaments, and this with the prospect of a new relationship between North and South.

The CGIL-CISL-UIL Federation, convinced that even justified concern should not and cannot lead to resignation, pledges the organizational structure of the trade unions to mobilize the workers and factory councils to express their wish, on this basis, to oppose the escalation of nuclear rearmament, to demand an early beginning of negotiations, and to affirm the values of peace founded on justice, respecting the independence and rights of all peoples.

The CGIL-CISL-UIL Federation is of the opinion that Europe should have a decisive voice in ensuring peace and security on its own continent, and asks the Italian government to take firm and productive steps in all forums to promote the beginning of the necessary negotiations.

The CGIL-CISL-UIL Federation considers it indispensable that a joint effort be made by European trade unions in favor of detente and disarmament, which can give rise to an analagous and equally dialectic contribution by East European trade unions vis-a-vis their governments.

9855

CSO: 3104/376

PROBLEMS OF SUBSIDIZED INDUSTRY GROWING

Zurich NEUE ZUERCHER ZEITUNG in German 2 Oct 81 p 17

[Reporting from Brussels, the author finds Belgium trapped in a vicious circle of subsidies and forced to cover losses in the steel industry with foreign loans.]

[Text] The Belgian Government fell last week on the issue of rehabilitation of the Walloon steel industry. Formally the issue was a simple matter of procedure, the Walloon socialists wanted to have a firm commitment of at least 12 billion Belgian francs for the Cockerill-Sambre steel concern before they would agree to discuss any other government issue. In principle the Christian Democrat and socialist government coalition partners were in agreement on the need for these credits. In mid-May, on the brink of a similar crisis, they had reached an understanding on the broad outlines of steel policy. But deep differences underlay the haggling over the credit negotiations. While the apprehensions of the Christian Democrats about the promised billions in subsidies were continuously being re-fueled by the unfavorable development of the steel market, the Walloon socialists were not ready to accept any kind of adjustment in the plans which would take account of raw reality. In the once established capacity of 8.5 million tons per year for the Walloon steel mills they see a sort of vested basic right and refuse to be distracted either by the protests of the European Commission or by unfavorable market prospects.

'National Economic Branches'

The steel industry is one of the five so-called national economic branches which were excepted from the politico-economic regionalization of Belgium. The "national" character of these five sectors, coal, steel, textiles, ship-building, and hollow glassware, is not molded on their uniform distribution throughout the country but rather on their unsound structures which make their survival without state subsidies impossible. Since coal, textiles and ship-building are strongly concentrated in the Flemish north while the deathly ill steel mills and hollow glassware production lie primarily in the Walloon south, the "national" sectors also furnish yet another topic in the troublesome language quarrel. Each subsidy in the north inevitably generates a "compensatory claim" from the south and vice versa.

Hardly a month passes in which the Flemings and the Walloons fail to thrust new calculations in each other's face on who is really getting more from the national subsidy pot. Thanks to the Flemish hard-coal mining industry which annually

produces 6 or 7 million tons at a cost which is almost twice the delivered price of comparable coal from foreign sources at the Port of Antwerp, the pendulum is swinging strongly towards the north. According to the calculations last spring by Economic Minister Willy Claes, a Flemish socialist, from now until 1985, 99 billion francs in state assistance are designated for the Flemish north and 54 billion for the Walloons. In Flanders 56 billion Belgian francs will be put into coal-mining, 27 billion in the textile industry, 15 billion in the steel industry and 0.85 billion in ship-building. In the Walloon region 38 billion Belgian francs are designated for the steel mills, just under 8 billion for the textile factories, 5 billion for the last remaining colliery and 2.8 billion for the production of hollow glassware. As a result of the steel decisions of last May, however, a whole string of additional billions must be added, primarily for the Walloon side. Moreover these figures do not include hundreds of millions of francs which are continually being stuffed ad hoc into bankrupt enterprises outside the "national" sectors by regional Walloon and Flemish administrators.

Theory and Practice

Except for hard-coal mining the conversion and rationalization of the affected industries are officially cited as the goals of most subsidies. The European Commission, which is scheduled to deliver its judgment of the Belgian steel and textile plan, seems to have serious doubts as to whether these goals will in fact be served by state assistance. For home consumption, however, the Belgians have a justification at hand which they use when the numerous reports by experts show hardly the slightest glimmer of hope for the enterprises being nursed by tax money, viz., maintenance of jobs. Many industrial managers even go so far as to argue that as long as the subsidies per job remain below the level of unemployment costs which would otherwise be borne by the state, this is a "good deal" for the government. They do this with virtually no regard to competitive distortion since competition in the Belgian case is mainly foreign. Belgian steel mills as well as textile factories produce 70 to 80 percent for export.

On the Brink of the Abyss

In the long run not only direct competitors in the same branch but the entire Belgian economy has to suffer from the squandering of tax money on production facilities without any future. Enterprises are groaning under tax and social burdens which are among the highest in Europe. Despite this the finance minister has for years been unable to raise needed funds from regular revenues or from loans in the domestic capital market. The credits obtained abroad are escalating rapidly from month to month. The government no longer shrinks even from covering losses in the steel industry with a foreign loan which must be paid off at almost 19 percent. The oppressive interest burden and the monetary risk of foreign credits alone are driving the national budget deficit inexorably upward. Its inflationary financing and the already above average high cost levels have drawn the economy into a vicious circle from which only drastic measures can extract it.

Instead of working on such measures the recently fallen cabinet, up to the prime minister, was occupied almost continuously with the installation of steel managers, the closing or keeping open of antiquated rolling mills or the negotiation of credit conditions. While the Walloon socialists regarded this as one of the most important tasks of government, the Christian Democrats saw in it only a time-wasting diversion from the true problem of a basic cure for the economy. This conflict had to lead sooner or later to a resounding collapse. It remains to be seen whether a decisive turn can be achieved after the elections which have been moved up.

GOAL DEMANDS NATIONALIZATION OF ALL CREDIT, NOT BANKS

Paris LE MATIN in French 19 Sep 81 p 15

[Article by Maurice Seguin: "The Obstacles Were Foreseeable"]

[Text] The Council of State has handed down its opinion on the bill on nationalizations. Although no official announcements have yet been made on the tenor of this decision, we know that there are a number of legislative and constitutional reservations, whether involving the fair, prior compensation of shareholders or foreign interests in companies to be nationalized. Maurice Seguin, a specialist on the subject, sets forth all these problems and stresses that the "nationalization of banks is running up against obstacles today that were not adequately anticipated and gauged before starting the project."

The main goal behind nationalizing credit is to give the democratic power the means to allocate credit for useful investment. This is "here and now" a monumental task. The Socialist government has the lofty ambition of transforming French industry so as to make it more enterprising, more dynamic, and more able to play France's hand in a changing world economy. It intends to do this by using structures and procedures that are compatible with its other basic objectives, namely, democratization of the decision-making process and regionalization. There is no more urgent task to accomplish, for it is by developing our industries and companies and by their adaptation to today's world that the painful problem of unemployment will be effectively and finally resolved. The new 2-year plan will be put into effect very soon. It will be nothing more than an academic exercise if the financial means to implement it are not available.

Banks are to be nationalized in order to nationalize credit.

A Bad Start

But this project has gotten off to a bad start. It was announced as though it were to take place before nationalization of the main industrial groups, but today the nationalization of banks is encountering obstacles that were not adequately anticipated and gauged before the project was started.

Among the immediate complications is the problem of defining the limits: the line between banks and institutions that are "nationalizable" and those that are not; and,

within each nationalizable bank the line between those activities to be nationalized and those that are not. Relations with other countries are creating other difficulties in carrying out a design which was undoubtedly conceived in overly simple terms: these relations were perhaps taken into account as possible sources of trouble in the sense of the presence of foreigners in France and the presence of French people abroad. Compensation poses problems of evaluation and of method of payment, and the solution could be more costly than was earlier thought. The rules of the constitution and the clauses of various international treaties, which were probably drafted more or less knowingly to hamper the progress of any socialist government, make one weigh the risks of litigation. It would be unfortunate if the operation, as justified as it may be in the eyes of the social and political majority, were to disturb our relationship with certain countries and dampen the flourishing climate of confidence within the country itself and in financial circles that has marked the first few months of the new government's term.

Further complications could crop up later, when it comes time to outline the exact role reserved for foreign banks in France, the status of small banks that will remain private, and especially the division of power between the nationalized banks and the vast sector of mutuals (farm credit banks, mutual funds, people's banks), Won't the government encounter even more problems than before in differentiating between its role as manager of an expanded public banking sector and its role as guardian of the entire banking sector, whether public, mutuals or even private, as limited as the latter may be?

Finally, as essential as it may be to restructure the new nationalized sector, it will not be done painlessly, especially for the personnel, but also for customers.

The time has now undoubtedly come to ask what is the meaning of the obstacles currently encountered in preparing the project.

If we go back to the initial objective--to nationalize credit so that it may be channeled into productive investment--then we cannot help but note that by nationalizing private banks (or, if not all private banks, at least the most important ones), we run the risk of nationalizing what does not have to be nationalized and of not nationalizing everything that should be nationalized.

In private banking, there are in fact activities that do not need to be nationalized: international foreign currency transactions, frequently carried out with foreign customers; portfolio management activities similar to the activities of securities brokers, which were specifically mentioned by the prime minister in his speech on 8 July as not to be nationalized because of their nature; discount and very short-term credit activities of secondary interest in comparison with the major problem of investment and its long-term financing, and so forth.

In summary, when the major private banks, and only they, have been nationalized, large portions of the credit sector, as it should be understood, will have been left out, including the following: investment credit; the small private sector that remains private; the vast sector of mutuals, including farmers' mutuals, whose activities today go beyond farming and rural affairs; agencies specializing in long-term credit, such as for example le Credit national and le Credit foncier, and so on.

Perhaps the complexity of the banking and parabanking system as it exists today in our country was not adequately considered and, because of that failing, perhaps we are running the risk of sidestepping the main problem: how to nationalize credit?

This question must first be boiled down to the issue of exactly what is the credit that must at all costs be nationalized.

Obviously it is not all credit. Discounting commercial drafts or financing impulse purchases of household goods or automobiles by public or private institutions are of little importance to the Socialist government.

The main thing in their eyes is that the terms and rates are regulated so that the public has easy access to them and at the best possible prices.

What is important to the Socialist government is that credit for productive investment is distributed on the basis of the Plan's objectives, according to truly democratic decision-making processes and in keeping with the principle of regional decentralization, so rightly honored by the government ever since the beginning.

Selectivity, regionalization, democratization, and planning, these are the guidelines for determining how to distribute medium- and long-term credit to firms in the new socialist society.

Nationalizing Credit rather than banks

Once the problem is clarified like this, it is easier to arrive at the best solution. This is to nationalize only medium- and long-term credit, but to nationalize it completely.

To do this, the credit nationalization law should transfer a percentage to be determined of all monies collected as deposits by all banking institutions of any kind to a national fund and to regional funds which would meet the requirements of democratization, regionalization and planning. These monies, which would earn interest at a standard rate to be determined by the National Credit Council, would be used by the national and regional funds to finance investments of public and private companies in the form of medium- or long-term credits.

It is not necessary in this article to set the precise amount of the portion of bank and parbank deposits to be earmarked for this new agency, just as it is not necessary to describe exactly the main operating and especially management rules of this new instrument. Studies such as the ones on "transforming" bank deposits into long-term financing means by Francois Bloch-Laine already pointed out the potentialities of such a system 20 years ago. Let's just indicate--to get a better idea of the plan--that if the percentage of total deposits earmarked for the fund were to be fixed at 15 percent, the new agency would have assets of 200 billion francs available to channel to investments on the basis of the Plan's directives.

Some people may regret that it is no longer essential to nationalize the largest private banks with this solution. Might not the symbol of what they represent continue to exert its influence?

This is obviously a risk. But do we need to fear this when the major instrument of their power, long-term credit, has been taken away from them? Moreover, in increasingly egalitarian socialist country, aren't they bound to take second place more and more as collectors of deposits, in the face of the large national banks and mutuals?

Won't the powerful and dynamic mutuals sector and the major national banks, once they are democratized, play an increasingly powerful role in forming public opinion? It is very possible that, in a few years, private banks will quite naturally speed up their withdrawal from the domestic market in order to specialize more and more in foreign activities. In any case, the threat of nationalization should certainly continue to be felt and strict and effective controls should of course be imposed on them.

Since people's minds are focussed now, out of habit, on the nationalization of the large private banks, it would be easy to lose sight of the issues. It is time to design a socialism in this area that is both French and timely. To nationalize credit, there are other options than the ones that have been focussed on exclusively. The time has come for the advisors working in the office of the president and in the ministries, whose socialist convictions and competence are unquestionable, to contribute to the government something other than variations on old themes.

Didn't the head of state and the prime minister instinctively determine where the true problem lay? It is the expression "nationalization of credit" and not "nationalization of banks" that has cropped up in their pre and post-electoral statements again and again. The message addressed to French socialists by the leftist American economist, Lawrence Klein, winner of the Nobel prize in economics, and published in LE NOUVEL OBSERVATEUR last August 24 was also in this same vein.

It must be demonstrated today that the men in power are using their imagination in this critical area, according to the mandate of our people last May and June.

9805

CSO: 3100/18

CEYRAC SEES NATIONALIZATIONS AS 'TRAGEDY FOR FRANCE'

Paris LE POINT in French 21 Sep 81 pp 58-59

[Interview with Francois Ceyrac by Maurice Roy: "Nationalizations Are a Drama for France"]

[Text] [Question] The prime minister has said that the "ball" is in your court. Are you going to throw it back to him?

[Answer] I don't want to wage a war of words. I think that the present situation demands a more serious approach. It is useless to "throw back the ball" today.

[Question] Do you see a gloomy economic outlook?

[Answer] It is important to bear in mind that the international economic situation is no easier today than it was at the beginning of the year. I think it is even worse. Any policy that tended to ignore the power and ruthlessness of international competition would be dangerously unrealistic. The situation in France has unquestionably deteriorated further since 10 May because of the sudden sharp rise in the cost of credit.

[Question] We had to respond to the increase in the U. S. rates.

[Answer] No. It is too easy to blame the Americans for the French policy of expensive money. The American rates were high well before 10 May, but the French rates didn't budge at that time. If it was necessary to correct the range after 10 May, it was because something happened, because the relationship of trust between France and other countries changed. It then became necessary to defend our currency. Today people say: "It's the Americans' fault!" It would be too easy to say tomorrow: "It's the employers' fault!" These are not reasonable attitudes. We shouldn't always be looking elsewhere for excuses for certain imperfections or contradictions in our policies.

[Question] Isn't the expensiveness of money an excuse for employers as well? Pierre Mauroy has noted that investments had dried up well before 10 May.

[Answer] It is true. Investments had already declined in proportion to the decrease in firms' financial results. But do they think that the dramatic rise in interest rates can have a favorable impact on investors' projects? Do they think that the profound structural changes, either decided or announced, are likely to give French investors the necessary security and confidence?

[Question] What are these changes that are paralyzing investors?

[Answer] First, of course, changes in fiscal policy. Since the start of the summer, there have been changes in two directions that come together. On the one hand, an increase in taxes for the highest income brackets; an exceptional increase in 1981, a ceiling on deductions for dependents and an unemployment tax that will affect not only large income-earners but also the income of middle-level executives. Every day we are told that you have to make the rich pay. However, you will notice very quickly that that doesn't mean anything because there will not be enough "rich" to cover the huge amount of additional expenses. We will therefore have to make the less rich pay, or in other words more and more brackets of taxpayers. Now we have to be careful not to discourage those who are starting businesses and sticking their necks out.

It is even more critical, however, with the tax on plant and equipment. We were promised that this tax would not be touched. That is not the case. Have the authors of this law realized that it is impossible to separate the entrepreneurs from the firms? The owner of a successful family business is constantly reinvesting in his business and he could not meet this new tax liability except to the detriment of his business, thus putting it in danger. This tax is a very costly mistake. And at the very moment that the tax on plant and equipment is applied, the prime minister declares that he is interested in the problems raised by the transfer of small and medium-sized firms! There is an astonishing lack of consistency between the two projects.

[Question] Countries like Germany or Switzerland, however, have a tax on capital, and their companies are not doing so badly.

[Answer] The French tax is progressive and could be as much as three times the German rate. As for the Swiss, their taxes on business are not in the least comparable to ours. If they would like to change with us, we would be interested! As for nationalizations, this is a tragedy for France. Some people have not yet actually become aware or realized that we are no longer protected by customs barriers as in 1936 or in 1945. Today the future of our country, its purchasing power, and its independence depend very much on its ability to cope with international competition. We have devoted much time and effort to building an "ocean-worthy" industrial and banking fleet for ourselves. That is not done in a day. But it can be undone very quickly.

[Question] Nationalization is popular, however.

[Answer] Certainly, but that's because a dramatically cut-down and intellectually incorrect version of this operation was presented to the public. For instance, they referred back to the nationalizations of 1936 and 1945 to justify the 1981

ones. But there are no bases for comparison--neither political justifications nor economic justifications.

[Question] Some national companies can be given as examples.

[Answer] Yes. But did they show the French people a balance sheet of what it cost--of what it cost them--to have them operating satisfactorily today? Let an impartial official draw up the accounts and then we'll see. They are nationalizing in fact because in 1934, the CGT [General Confederation of Labor] plan already provided for nationalizations and because mythical images such as "the wall of money" and "the control over financial powers" continue to feed certain political ideologies, without anyone bothering to see if they have any relationship with the situation in 1981. We are living on the basis of fictionalized history. Mr. Mauroy mentioned the example of Austria. Do we have the right to accept a comparison of this sort? Tomorrow will we be referring to the Republic of San Marino?

[Question] Didn't we already have a partly government-run, partly private economic system that the prime minister called detestable?

[Answer] Does that mean that we have to opt for a decidedly government-run economy? Certainly no country in the Western world is entirely liberal. In all the great modern countries, there is coordination between the government and industry heads. But there is a huge difference between that and what has been done for the first time in an industrialized country, namely to extend government control over all credit and most of industry. There is a fear that this could bring French industry down on its knees.

[Question] Don't you think that the measures adopted by the government to boost the economy or help small and medium-sized businesses will be effective?

[Answer] Of course, industry must be prevented at all costs from dying of starvation.

The prime minister is in fact proposing a series of measures to aid small and medium-sized firms, some of which have been known for a long time. Moreover, the prime minister is aware that only gains in productivity will make it possible to finance the additional jobs, and that men will not be able to work less unless machines work more. We agree completely with these facts. Now they have to be put into practice.

[Question] The prime minister has also promised you "a climate of negotiation and not confrontation."

[Answer] We have always defended contractual policies. People tend to forget that it was the CNPF [National Council of French Employers] that, as early as 1973, suggested the negotiations, on the length of working time, that it appears are about to conclude. But it would be remarkable if labor unions were to imagine that anything is possible today. Mr. Krasucki has already said that employers should understand that everything has changed and that they should "be reasonable." I will

return the compliment: being reasonable should involve precisely recognition of the fact that the arrival of the Left in power has not in any way changed the requirements of international competition. These requirements unfortunately are missing from the prime minister's speech.

[Question] Are industry heads on the verge of resigning then?

[Answer] Not at all. They want to make their companies run. They are slaving away without stop. But they are worried about the contradictions in the government's policy which, on the one hand, provides some assistance to firms and, on the other, overturns the economic structures of the country. On this point at least, the ball is not in our court, but in the government's.

[Question] Are you aware that you are the only opposing force in France today?

[Answer] We are neither an opposing force nor a force of cooperation, but a group of leaders who intend to maintain their independence.

[Question] Aren't you somewhat alone?

[Answer] What is not perceived today will be perceived all the more tomorrow, with the lesson of time. The truth always wins in the end.

9805

CSO: 3100/3

INDUSTRY HEADS CONFUSED, ANGERED BY GOVERNMENT'S STANCE

Paris LE POINT in French 21 Sep 81, pp 53-57

[Article by Martine Leventer: "Employers: Between Anger and Dismay"]

[Text] "Help us," is what Pierre Mauroy is saying in substance to business leaders. Have they heard him? And what have they done since 10 May?

Is Pierre Mauroy all of a sudden involved in a love-hate relationship with business leaders? When the prime minister gave his frank and serious address to the deputies from the Assembly rostrum last Tuesday, there was no mistaking the message: this long speech, read monotonously, was for the most part directed to business leaders. It was indeed them whom he was trying to seduce with his words which were alternately appeasing, reassuring, convincing and encouraging--and which concealed a whole message prepared just for them.

What exactly did the prime minister, apparently so full of good will, say? "The government never believed that jobs could be created without or against business heads... With the Left in power, business leaders have something the Right could never give them: a social climate of negotiation, as opposed to confrontation, and planning that maps out the future."

And he went on to say: "Business leaders who are getting upset should take the time to listen to us. They should form their opinions on the basis of our actions and not on the basis of their prejudices.... They can and must continue and increase their efforts. We are determined to help them in this.... The economic policy we are implementing respects business' initiative and decision-making freedom."

In short, "to boost growth, the French people must first be reconciled with their industry..." And, as this speech demonstrated, it is the business leaders with the power! Why? Because, as Pierre Mauroy goes on to say, "the government is well aware that it is the small and medium-sized businesses that form the very thread of our economic fabric and play a decisive role in the battle for employment... The ball is in their court."

What better way of saying that the team in power has finally sized up the problem: the fate of employment is entirely in the hands of business leaders. When their monthly employment capacity is close to 200,000 jobs, the 60,000 civil

service posts anticipated in a 6-month period are just a drop in the bucket! And who else would mete out the wealth that the government is trying hard to redistribute if not these same businesses? The government has finally yielded to this overwhelming evidence--but, unfortunately, most French people still do not see it. As a recent survey by QUOTIDIEN DE PARIS shows, according to 55 percent of them, it is the government that plays the decisive role in the employment battle; employers in the private sector only come second (15 percent). An incredible misunderstanding!

For Pierre Mauroy, the question is: how in the world to win over business leaders? The words dotting the prime minister's speech clearly demonstrate that the person speaking is less of a scorned lover than a general who was appointed by Francois Mitterrand to conquer unemployment and who senses that his infantry (the "strike forces" as Jacques Delors refers to industry heads) are not following him.

If all of these overtures and pledges of good will amount to a rather anguished cry to "rally to my side", it is because the juncture is critical. Four months after the Left took power, the economic indicators are still desperately in the red. In one year, industrial production (excluding construction) has gone down by 6.1 percent. Investment in industry is doing a free fall (its volume could decrease by more than 12 percent this year!). The number of bankruptcy petitions filed per month has gone from 1,500 to more than 1,700 and unemployment, which was growing at an annual rate of 5.7 percent last summer and 13.3 percent at the beginning of 1981, is now at 26 percent. Not to mention high interest rates, the franc's fainting spells or the disturbing behavior of price indices. It is obvious that the heavy machinery of the French economy is still jammed. It is not surprising that they are hastily calling industry heads to the rescue: it would be very nice if they would put some oil in the works.

Pierre Mauroy's speech is actually not the first appeal made to small businessmen. The government has been making overtures to them for months. First it decided to defray part of the increase in welfare costs resulting from the increase in the SMIC [Interoccupational Minimum Growth Wage]. Then in June, Jacques Delors offered them additional special credits at favorable rates to help them in their long-term investments and at the same time cash assistance through the CODEFI (departmental financing committees). Banks have lowered their discount rates. Credit ceilings have been lifted.

Month after month, a boost is given to these various measures, which have not been greeted as enthusiastically as expected, despite Jacques Delors' exhortations. "There won't be any unreasonable welfare measures in the fall. Invest, work, buy machinery, help us create jobs," he urged. It seems, however, that the expected mobilization did not occur.

So the great tenors of the government are out there singing their songs of enticement. On 19 August, following the council of ministers, it was learned that Francois Mitterrand had stressed "the need to bring industry heads in on the drive to create jobs." "The desire to do business must be rekindled in France and the image of business heads must be restored. They shouldn't be treated as scapegoats. We must show confidence in them so that they will participate in the effort to create jobs," said Pierre Bérégovoy, secretary-general at the Elysée.

On 5 September at the Douai fair, Pierre Mauroy continued with the same song: he urged industry heads to "assert themselves and their ambition and imagination," and said that he hoped that "businessmen would give the best of themselves for the good of the nation and for their own satisfaction!"

Alas! The choir of the Left is not singing in unison. Discordant voices are unpleasantly deafening the delicate ears of the very people who were supposed to be charmed, and who have not yet forgotten Jacques Delors' words that "you are not going to prevent François Mitterrand from getting elected to a 7-year term by practicing a doomsday policy or Pierre Mauroy's statement at the time of the Willot affair that "we will show no mercy for unscrupulous or incompetent industry heads."

Consequently, it is not hard to imagine the effect of the terse statements made by a Jean Poperen: "A certain number of leaders in the economy seem particularly bent on winning the bet on our failure and in the process would not hesitate to help contribute to it." Or the effect of Claude Poperen's (PCF) attack on "the attitude of employers who are still little inclined to put an end to their policy of breaking industry." Or further, the effect of Georges Séguy's words denouncing "the stubbornness and arrogance of some industry heads," or of Henri Krasucki's speech to the CNPF [National Council of French Employers] to the effect that: "You represent the class that once built industry--at the cost of harsh exploitation and terrible tragedies. And it is you who are trying to destroy it." Well they might murmur a few nice words after that....

And then there are the facts. After having had to pay the increase in the SMIC and the taxes on their overhead, and to swallow the bitter pill of a discriminatory amnesty bill pardoning labor union representatives but not employers, industry heads looked with dread at the arrival of the tidal wave of nationalizations ("punishment for your shortcomings as managers," according to Henri Krasucki).

Finally, they were really shocked at the recent announcement of a tax on wealth that extends to plant and equipment. "This tax is suicidal for medium-sized businesses and their employment," responded immediately--with a lot of support--Yvon Gattaz, president of ETHIC (movement for industrial and commercial businesses on a human scale).

In short, the call of the sirens is losing much of its strength behind the cacophony of words and facts evident in the past 4 months. "We are being subjected to hot and cold showers," complain business heads all over the country. This is obviously not the best way to carry on a romance completely against nature. For, let's face it, here are the socialists calmly asserting that they want to break with capitalism, and at the same time asking the people who are its very essence to help them defeat it! What a paradox!

The surprising thing in the end is that employers have reacted to this bizarre situation rather coolly, aside from a few "shouting matches" here and there to protest accusations of "economic sabotage." This is evidently no honeymoon. However, after having been in a groggy state for some time following an election which did not go as anticipated (even worse: after having supported Giscard to the end, the

CNPF then started talking about the spectre of "collectivism" threatening "free society..."), employers are making the best of a bad situation.

On a number of occasions (lowering of bank rates, employment agreement, reducing the work week), their professional organizations have willingly played the role of driving belt between the government and their troops. Their leaders, with François Ceyrac at the head, assert and reassert that they are not practicing a doomsday policy, and they give good marks to the current government when its policies go in the direction they want.

This obviously did not prevent François Ceyrac last week from pointing out some "groublesome contradictions" in the governmental speech, or René Bernasconi, president of the CGPME (General Federation of Small and Medium-Sized Firms), from complaining about the "vagueness" of Pierre Mauroy's program.

But there is a whole world between these organizations haunting the corridors of the ministries and the men who are shaping the French economy day by day in their jobs. There are 2.7 million of them, mainly small businessmen who employ more than 14 million workers in industry, commerce or the services. It is this "base," that feels unloved and mistreated, if not threatened, that the prime minister was directly addressing.

How are these heads of small and medium-sized firms reacting? And how are they behaving, particularly? This is what LE POINT has tried to find out by interviewing them all over France.

Well, it is evident that most of them are not as relaxed as Jacques Stern, president and director-general of SESA, a particularly dynamic computer company, it's true, in which CGE [General Electric Company] (the group to be nationalized) has a 45 percent share at the moment.

"Nationalization of the CGE? I find a certain moral there, and it doesn't concern me. I am not expecting any changes for my company. And, with all our international activities, I have not received any negative reactions from abroad," he said. As for the tax on wealth, "it doesn't create any serious metaphysical problems for me. I hold 35 percent of SESA. I do not know either what it is worth or if that would be considered as my capital equipment. I will have to find the money to pay, that's all!"

"We are continuing to expand, invest and even to create jobs," added Jean Mawet, president and director-general of OZONA (children's clothing). This Normandy company has continued in fact, crisis or not, to double its turnover (125 million francs in 1981) every 3 or 4 years. "Of course we are a little more concerned about the future...but I can't imagine that the team in power wants to break industry. They are beginning to become aware of a certain number of things and, in my opinion, they will be persuaded to moderate some of the measures announced."

As for the recreation industry, some are looking forward to the prospects. "Paid vacation, the fifth week, reducing work time, all of this is very favorable for us," explained Gérard Brémont, present and director general of Pierre et Vacances, which builds and develops rental housing. At the end of the summer he launched new programs and hired new workers, but not, however, without some doubts about the development of the French economy and the attitude and pocketbook of the private investors he is addressing.

In fact, even the most dynamic are feeling some pangs as they continue to forge ahead--such as Lilian Buzzichelli, who heads a firm of 700 persons specializing in heavy handling equipment and who created 50 jobs this year. "Please don't discourage business leaders!" he exclaimed. "They are asked to develop their businesses, but how are they going to pay the tax on wealth if, after a difficult year, they don't show positive results?"

And what about the others? Since, unfortunately for the team in power, there are not that many optimistic leaders of small business. The general tone is much gloomier, if not neurotic. "I know some people who have sent their wives to have their babies in Switzerland so that their children are not born in a 'totalitarian' country--it's incredible!" confided a Parisian industrialist, who has seen a good number of his peers saving, looking for investments abroad and making plans to leave the country.

"Many people are saying that they are going to sell out their business and leave for the United States," confirmed the owner of some stores, "but I haven't seen anyone do it yet." Yes, but those who had ideas of expanding have all the same stopped all hiring, "especially since workers can no longer be laid off"--and have cancelled any projects to buy out other firms. "I am biding my time to see what the government is going to impose on us in the way of new wage costs."

Jean-Marc Penchinat, building of vacation housing in Languedoc-Roussillon, is clearly sounding the alarm by publishing a full page notice in LE MONDE last Wednesday. "I wanted to give my views on the government's current policy, which seems to me to be way off course! They are nice and honest men, but all their pretty words and good intentions are going to lead to a result that is diametrically opposed to what they want! What good is it to try and win over business heads, if you walk along with a big stick behind your back that you take out and use three times a week?" Not to mention--in no special order--nationalizations, the tax on wealth, and the necessarily increased pressure of the tax burden to finance a budget deficit "that is an open pit!"

However Jean-Marc Penchinat is especially critical--and here he is joined by a good number of industry heads in other areas--of "a fantasy policy that is ignorant of market realities." The first thing to do, he says, is not to destroy existing companies; how many are living off wealthy customers? Not only are the people earning 100,000 to 200,000 francs a year psychologically paralyzed, but bankers are increasingly refusing to give them housing loans. "A new operation for me is 80 to 100 people on the job and as many at my suppliers. Since I cannot change to a low-cost housing program overnight, that will mean 200 more people out of work, no matter what Mauroy says!"

In fact, what do the small business heads think of what Mauroy says? Did his appeal last Tuesday change their attitudes? Aside from a few obstinate grumblers--"It is not because he is patting our backs that we are going to lick his hand!", or "They are embracing us from one side, and bashing us over the head from the other!"--recognition of the role of business heads has apparently been appreciated everywhere. What is positive is the government's unquestionable good will towards small and medium-sized companies, is the essence of what those interviewed said. Some even talk about the "moving" speech. In short, the message got through.

Even better, many have even acknowledged that "there are some interesting points in Mauroy's proposals, particularly the possibility of increasing equity capital. But...."

"...But for all these proposals for aid or loans, we never know whom to turn to, and most applications are rejected. We frequently have the impression that we have before us a gold mine that we cannot exploit." (Victor Thomas, Bretagne-Manutention, 500 employees, Rennes).

"...But all this boils down to promising us 20 cents if we create jobs, and to hitting us for one million elsewhere, with the tax on wealth." (René Lévêque, ORDO, company selling office equipment, 280 employees).

"...But the new measures favoring jobs are going to increase the price of products and make us less competitive" (Edouard Daher, vice president and director general of a maritime shipping company employing 1,000 people).

"...But Pierre Mauroy has just taken the old system and improved on it" (Pascal Sittaro, Lithotype L-Druet, specializing in posters and signs in les Bouches-du-Rhone, 75 employees).

"...But although I am satisfied with 10 percent of the program, I am skeptical about the rest. And who is going to pay for all this?" (Alain Géraud, head of a family business that distributes farm machinery in the Greater South-West).

"...But companies need more freedom and confidence than aid" (Pierre Thomas, 200 employees in construction).

"...But without decreasing our costs, without the freedom to hire and fire, how can we think about creating new jobs" (André Juven, president and director general of a general mechanical company in Caluire, 40 employees).

And everywhere--everywhere--the same themes: "Will the government keep its promises on the power of workers in companies? It is impossible to manage a business if everyone has his nose in it;" "We are still in the dark, we are waiting for concrete information;" "Why the carrot and the stick? Why are they taxing plant and equipment? This is an anti-employment measure!"

And this is the most serious threat to the government in the coming months: virtually none of the small business owners interviewed planned to hire or invest. And not because they are unhappy with government policies--they are still under the spell. No, what is frightening then is the economic situation, and not just in France where the announced recovery has not been felt.

"They appeal to our sentiment, when it's a question of economics!" complains an irritated head of a construction material company. "Barre also said in 1977: 'Don't be gloomy! Invest, create jobs!' But business leaders invest, whatever their political views may be, if they have a market to invest in. I don't have one: I am reducing my investment by 70 percent next year. It is not even a question of profit, but just of sound management!"

"Of course, business leaders are suffering from a certain neurosis," admitted this Parisian industrialist. "But their fears and their wait-and-see policy has less to do with the government's attitude than with the economic situation. And I haven't met anyone who is convinced that this government is going to solve the problem!"

The neurosis will pass. What this owner of the Prisunic stores, George Meyer, said testifies to this: "I am to the right and very anti-left. So I will use any excuse to blow up. The Right presented things more attractively; the Left is clumsy. But I have the feeling that things are going to settle down, that confidence will come back after a period of adaptation. France is rich and it has always bounced back. There is no reason to panic; we are still not a communist country, after all!"

So there remains the economic situation. And here no magic words and no whispers in our ears will change the hard reality of numbers. For industry heads, finally, it is still and always will be that that counts. This is undoubtedly a difficult message to get across to an Assembly where the new majority is all too often totally ignorant of the business world.

Seven Measures Designed to Seduce

Operation seduction: the prime minister is making eyes at the small and medium-sized businesses. During his speech on Tuesday, he in fact solemnly set forth a few ideas designed to "win over" more than one industry head. No less than seven measures:

--Strengthen the financial structure of small and medium-sized businesses (their equity capital) by distributing participatory loans at attractive rates;

--Promote the creation of firms by simplifying formalities and by increasing the possibilities of tax deductions;

--Reform the system of regional development subsidies and loosen the regulations governing occupational tax exemption;

--Increase aid for innovation by increasing the aid credits and by encouraging small and medium-sized businesses to hire research workers;

--Provide special aid to all small firms (less than 25 employees and a turnover less than 10 million francs);

--Lower the obstacles to firms' transfer;

--Improve the investment aid arrangements to encourage companies to modernize their production equipment (but without affecting employment).

We would add to that the "employment solidarity contracts" which will benefit employers who seek to create jobs by various means (decreasing the length of the work day, early retirement, part-time work, etc.).

Thus there is a lot of satisfaction offered to heads of small and medium-sized companies who are seeing their long-standing demands largely taken into account. Will it be enough to make them forget some thorny issues?

CENTRAL BANK PRESIDENT HITS U.S. MONETARY POLICY

Rotterdam NRC HANDELSBLAD in Dutch 28 Sep 81 pp 1, 13

[Report of a lecture by Dr Jelle Zijlstra, president of The Netherlands Bank and of the Bank for International Payments on 27 Sep 81 at the annual meeting of the International Monetary Fund and the World Bank, report by Kees Calje, HANDELSBLAD editor]

[Text] Washington, 28 Sep--The United States can learn some more from the Netherlands with regard to limiting monetary growth. That was the message of Dr Jelle Zijlstra, president of The Netherlands Bank, at a lecture he held yesterday in the midst of the activities of the annual meeting of the International Monetary Fund and the World Bank.

Zijlstra, who steps down at the end of this year as president of The Netherlands Bank and of the Bank for International Payments (the central banks' central bank) reported that in the United States an attempt is being made to gain control over monetary growth by indirect means. The Federal Reserve, the system of central banks in the United States, limits the amount of cash on hand the banks have. That leads to higher interests, which means the banks have to limit their granting of credit.

Zijlstra: "This monetary policy has recently been exposed to heavy criticism and to a certain extent that is understandable. A monetary policy which drives interest rates up to 20 percent when inflation is 10 percent, which drives up the exchange rate and which has an adverse effect internationally simply calls for criticism, even disregarding the preoccupation with the weekly monetary growth figures, which causes the expectations with regard to the rate of interest to become unstable. I find it hard to believe that this technique of monetary management is the best available."

In the Netherlands (and in France as well), monetary growth is controlled not only by indirect but also by direct means, according to Zijlstra. The Netherlands Bank is empowered--it last made use of this power from 1977 to the middle of this year--to forbid the banks to lend more money when lending credit threatens to get out of hand, unless they compensate for this with long-term funds.

In other words: granting credit is limited insofar as it leads to monetary growth. Therefore an increase in the demand for credit leads to a higher capital-market interest rate. Unlike the situation in the United States, in the Netherlands the short-term interest rate (money market) remains lower than the long-term interest rate (capital market).

Zijlstra says, "Experience demonstrates that the Dutch policy has resulted in a reasonably effective control of the money supply."

Zijlstra also stressed that the exchange rates cannot be left to their fate. (The U.S. monetary authorities have for months been refusing to take any steps to stabilize the dollar.) He regretted that the system of fixed exchange rates was abandoned in 1973. According to him, a devaluation of the dollar and an upward valuation of gold would have been enough.

The president of The Netherlands Bank called it "frustrating" that the gold in the vaults of the central banks--at the market price, 66 percent of The Netherlands Bank's total reserves consist of gold--cannot be put to use. Therefore in his opinion the industrialized countries must study how they can regulate the price of gold to such an extent as to permit the central banks to buy gold from one another.

Zijlstra called upon the United States to make the dollar exchangeable (convertible) for special drawing rights (sdr's) of the IMF. Only then can the sdr become the center of the international monetary system.

Finally, before expanding upon monetary management, Zijlstra called that management itself necessary but insufficient. Limiting monetary growth, according to Zijlstra, is necessary, but a fiscal policy and a wage and price policy are also indispensable.

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CSO: 3105/9

MERGER OF TWO TRADE UNIONS SET FOR 1 JANUARY

Rotterdam NRC HANDELSBLAD in Dutch 29 Sep 81 p 13

[Text] Amsterdam, 29 Sep—Chairman Wim Spit of the NKV [Netherlands Catholic Workers Federation] spoke of "dying in order to live again," Chairman Wim Kok of the NVV [Netherlands Federation of Trade Unions] spoke of "a hasty transfer into a much bigger train which has already been broken in properly." With that, the definitive step was taken today in Amsterdam towards the merger which takes effect 1 January of the NVV (about 700,000 members) and the NKV (700,000 members) into the Netherlands Trade Union Federation (FNV).

The first day of the merger congress dealt with the disbanding of the two participating labor federations. That gave rise to extensive historical reminiscences, but also to a broad view of the future. At the disbanding of the NKV, Wim Spit went on from his "bad attack of nostalgia" to the much broader and more penetrating field of activities surrounding the wage and labor specifications.

Stirring up the Catholic past, Spit said emphatically, "The FNV rightly ought to provide space--and it does that wholeheartedly--for the social and economic vision of convictions of belief and life to the extent that they affect the workplace and the policy questions and answers of the FNV as a labor movement."

At the noon session of the NVV federation meeting Wim Kok praised the "courage and determination" with which the NKV has held fast to the merger line, despite the disappointing decision of the CNV [National Federation of Christian Workers in the Netherlands] not to participate in the big federation.

"The formation of the FNV, however, was an adventure with more than normal risks for the labor federation NVV as well," according to Kok. "And in 6 years we have come incredibly far."

This merger of labor federations with Catholic and social democratic backgrounds, which is spectacular even from an international viewpoint, was accorded much attention this morning. There were representatives and speeches from delegates from international labor federations.

Mathias Hinterscheid, general secretary of the European Federation of Trade Unions, for example, said in his speech of salutation that he very well understood that the

accent of policy still rests with national concerns and those of the individual branches of industry. "But this buildup from the ground must be extended internationally, into Europe," he felt. He made reference there to the international problem of Ford and to the steel portfolio which affects Hoogovens.

In the full RAI [Bicycle and Automobile Manufacturers Organization] convention room, there were also union representatives from Poland, Israel and a number of European countries, who later in the afternoon saw the passage of the notarial act by which the FNV "assumes all assets and liabilities of the NKV and the NVV."

Quite a lot of work is still awaiting the congress in the coming days, including work dealing with the FNV constitution, proposals for a nurturing union to provide for a "balanced buildup of the FNV," the problems of the working woman, the inclusion of the NNV [expansion unknown] women's union in the federation, and last but not least the determination of FNV policy for the short term and middle term.

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CSO: 3103/9

KETENCI ADDRESSES NEW UNION LEGISLATION

Istanbul CUMHURIYET in Turkish 8 Oct 81 p 5

[Editorial by Sukran Ketenci: "The First Steps"]

[Text] By the time this piece is printed, Laws 274 (Unions) and perhaps 275 (Collective Bargaining) will have been promulgated.... It remains impossible to discuss the preparation and character of these two laws because they have been withheld from public scrutiny. However, according to preliminary information, even if there are certain restrictions on the exercising of rights, these laws do protect the pluralist union system.

On a normal legislative calendar, Laws 274 and 275 would have been put on the agenda only after the major legal adjustments that shape democracy like the Constitution, elections and political parties.... We believe that the difficulties encountered in the union arena, employer-employee relations, and during the transition period prompted lawmakers to change the calendar.

The activities of DISK [Confederation of Revolutionary Workers Union]-affiliated unions have been suspended completely while those of TURK-IS [Turkish Confederation of Workers]-affiliates have been suspended in crucial areas. It is not enough to protect workers' social and economic rights through the advance system, rulings by the SAB [Supreme Arbitration Board] and Regional Labor Directorates and Martial Law Command oversight.

The link between impartiality at every level of the administration and being able to shorten the transition period is evident day in some concrete development. [sentence as printed] The problems of work sites that await solution have been heaped on Regional Labor Directorates and Martial Law Commands. Presentation before the SAB of a second collective bargaining agreement is highly objectionable not just because the will of a party cannot be exercised but from the standpoint of exploiting agreements and deception.

It is objectionable for unions to resume their activities before changes deemed necessary are made in the union and collective bargaining laws. But the resumption of union activities is on the agenda after the legal changes are made and without waiting for the transition to a civilian administration. It is nevertheless true that there will exist within the framework of the new laws a special transition period for the resumption of union activities. We think that during the 3 to 5 month transition period it will be possible, first of all, for union general councils to operate as well as for unions to make changes in their charters and organize, both within the framework of the new laws.

At this point, the situation of those unions whose activities were completely suspended appears to us to be a problem. A trial has yet to convene for DISK leaders held in custody or under arrest for the last year. The debate still rages over which court is competent to try the case concerning DISK's closure. It is now out of the question that these two matters can be settled by the starting date for activities geared to fashioning unions in conformity with the new law.

Allowing some unions to operate while maintaining the prohibition against others is tantamount to punishing union rank and file, not union leadership which has been called for an accounting before the court.

We want to stress our belief that lawmakers will arrive at a solution which, at the least, shall not come to discriminate between various union rights to the extent Law 2364 did, and that all unions will be granted the right to general council and charter changes in accordance with the new law.

CSO: 4654/28

FLEMISH SOCIAL CHRISTIAN RENEWAL GROUP PROFILED

Brussels KNACK in Dutch 2 Sep 81 pp 20-23

[Article by F.V.: "Seven Voices in the Belgian Wilderness,"]

[Text] For a few weeks we have been aware of the existence within the CVP [(Flemish) Social Christian Party] of a think-tank which calls itself the Society for Christian Democratic Renewal. It consists of six men and one woman and has drawn up a discussion report in which a broad view of the current Belgian situation is unfolded. The piece is dated 11 July 1981, which was perhaps a symbolic gesture, but it came to be distributed in the last week of August.

Since then, the reopening of the domestic political season has not been made any less complicated, neither for the short nor for the long term. First and foremost there is the fate of the Eyskens budget for 1982. Unusually stiff criticism has been heard from the four parties which form the coalition concerning the government's budget plans. That from the PSC [(French-speaking) Christian Social Party] corner is the clearest: the budget must be reworked or this partner will withdraw [from the governing coalition] right away. In the mean time, the CVP is preparing for its very critical meeting on 6 September, at which no punches will be pulled. There is no less dissatisfaction among the Walloons: There the labor unions have asked Chairman Guy Spitaels's socialists within the government for a socially less hard budget, in which the moderation would not weigh so one-sidedly upon the wage earners. The most cautious still seem to be among the SP [(Flemish) Socialist Party], although even there the members of the youth group (just as within the CVP) have nothing good to say about the plans by which the Belgian national economy is to be saved next year.

Besides the budget matter, there are a few other dormant questions and uncertainties. It is still not definitely known whether CVP Chairman Tindemans will really become the chairman of the European Parliament in the new year. Because of that, there is a vague threat of a battle of succession in the air, and with no more certainty, the participants in that battle include three members of the society mentioned above. Furthermore, former prime Minister Wilfried Martens has just ended the quarantine period following his departure as prime minister. He, too is very critical of the coming financial and social governmental policy, because he feels that the pay-up philosophy of this coalition is too weak. Also, he is of the opinion that the application of national reformation (in its version of August 1980) is really being boycotted by this government. The new instruments for forming political and economic districts are simply not being enacted. It is to be feared that shortly this will lead to much confusion.

Finally, everyone remembers the skeptical commentary of CVP Minister Robert Vandeputte (finances) on his own budget. Less than a month ago he expressed himself about the improvisation and lack of penetrating research from within the cabinet concerning its budget plans. Thus the opposition to it comes not only from a broad front on the outside, but also from within the governmental machinery itself. That will be grist for the mills of the parliamentary opposition. And in that respect, it is also expected that the Chamber and the Senate will be called back early from recess to lend direction to the unceasing crisis on the Wetstraat.

In all of this confusion and in part because of the silence of Chairman Tindemans, the call of the seven CVP renewers has been heard remarkably clearly. Their text truly reflects the total desperation of the professional political class, and it is eloquent. The seven ("samurais," or even "dwarfs") belong to the generation which falls directly between Martens and the current CVP Youth. That is a generation which is now ripe for power and thus has some weight behind it. Five of them (Huyghebaert, Van Rompuy, Bevernage, Van Den Brande and Lenaerts) belonged to the active youth movement of the years from 1973-1977. Three are representatives (Lenaerts, Madam Tyberghien-Vandenbussche and Van Den Brande). Carl Bevernage is a successful lawyer and associated with the party paper ZEG. Herman Van Rompuy, as the former assistant to Gaston Geens in finances, is also an acute and almost sarcastic party ideologist. He directs the CVP research service Cepess, and is the best writer in the society. Law professor Hugo Vandenberghe was an advisor to the Tindemans cabinet and is trying for influence in the Leeuwens chapter of the CVP, where there are such heavyweights as Mark Eyskens and Gaston Geens. Of the seven, only Luc Van Den Brande belongs to the Christian labor union group. The others belong to the other wing of the party, or strive manfully to remain independent. In all respects, this is a colorful society both party-politically and ideologically. In which Jan Huyghebaert, the former chairman of the CVP Youth, currently has the most clearly defined position: he is the alderman for the Antwerp harbor.

These seven friends have known one another for many years, and together have discussed and written their cry of alarm over the past months. Sitting around our editorial table, they absolutely denied that they would form a kind of faction or internal club within the party (certainly not with an eye to succeeding Tindemans). They do not at all want to play the dissident, and just for that reason they sent their discussion report to the CVP chairman first. They do believe that their numbers will increase unstoppably if desired, and do not want, as Carl Bevernage put it, to form any "constituted body" within the CVP. Therefore they do not even have a chairman or any bylaws. Their report is shrill and clear, but it is not so radical in any single component that it would deviate from the broader CVP doctrine. The lady and the gentlemen have drawn up their political worldview in five long paragraphs.

1. They are gasping for an open atmosphere in politics. They understand that the 1980's are bringing in a mighty revolution, which will set the tone for the following decades. They feel that they are witnessing the "political, socioeconomic, ecological and moral downfall of Flanders," and therefore want to bear witness to their disquiet. Herman Van Rompuy: "The catastrophe is at hand, and we want to prevent it even now and in a grand operation. In any case, the people will remember that we spoke up after the fall." They are no longer afraid to think, to speak or to act in this blockaded society.

Blockaded: economic world war with unstoppable third countries, Japan and a North America which is truly renewing itself. Aging population, crippled bureaucracy, growing unemployment, unbearable budgetary situation, group egoism, irresponsibility, lack of serious leaders, policy as a collage of compromises. . . . "the country is languishing into impotence. Our people are tired of the lies they hear from all sides. New paths are available. The hard part is doing a right aboutface."

New vitality can only be found in an open society, however, without party political arbitrariness and with much more widely distributed power. Societies where there is hope naturally experience new growth in welfare and employment and even in the fields of literature, the arts, sports and recreation. "After all, vitality is indivisible." It is now frozen in a closed society, where perhaps there has been some leveling of the distribution of income, but where there is an even greater inequality than before: that between those who are employed and those who no longer are or never have been. Despite all manner of billion-franc programs, hundreds of thousands of citizens live below the limits of economic respectability.

To turn the tide, there has to be no polarization between the political parties, because we have seen the sorry result of that in some European countries. The CVP remains the best instrument to oppose the utter downfall of everything as a party of unity.

2. Under the heading "More Work and Less Ideology," the society dreams of a rapid return to full employment. That is possible, despite the circumstances and despite our discouragement, but only if short shrift is given to the ideological taboos that cripple our politics.

Hugo Vandenberghe: "The time has come really and truly to bury the '60s. To put an end to the ideologizing of every problem and to moralizing. To seek out reality with new objectivity, and only reality."

Referring more than once to the Japanese model, the society gives a long list of practical hints: more part-time work, gradual retirement, recycling periods during the career, raising the level of technical education, research and industrialization of knowledge, the atomic power plants must not be used unbridledly in areas which are not particularly associated with energy. "The society is not convinced that a second phase of the nuclear program is already under way." The general line consists of "on the one hand, less consumption both private and public, and, on the other, of more investment in the knowledge of technology. Today's investments are tomorrow's chances for consumption." Business must be able to make more profit. "A country cannot be prosperous if its businesses are poor." That raises the call for radical cost reductions in every area and for negotiations to that end at the level of the individual business itself.

Fiscal pressure and government regulation destroyed 250,000 jobs in business over the past 6 years, while in the same period, the state financed 150,000 new government jobs. According to the seven, that is absurd, even budgetarily. A drastic savings plan must put an end to any borrowing abroad within the next 2 years. We now borrow 120 billion [Belgian francs] abroad per year. That savings plan turns upon the limitation of the number of government officials, the requirement for internal financial responsibility for all possible public services, the application

of the profit principle with respect to the use of utilities, reforming social security to disassociate replacement income from the individual and calculate the benefits or replacement income by the family, a rollback of the support for coal and steel which will otherwise cost 100 billion francs over the coming 5 years and new budgeting and management technologies which would put an end to the current "amateurism." "For there is no such thing as budgetary fatality."

3. The society also had a shot at the increasing rigidity in international relations. Although it shares the "aversion" many have against a number of new kinds of weapons, it does not want to opt for Western military weakness. In view of the military growth of the Soviet Union, negotiations on arms limitations can still be carried out, but if so, from a position of strength. Therefore: loyalty to NATO, the major EC commitments and other forms of Atlantic cooperation.

4. The seven authors of the discussion report deal extensively with the weakness of our apparatus for making political decisions, through which responsibilities become vague and disappear. The constitutional reform has been no help in this regard, it has even been termed a "historic mistake" in this crisis period. The commantary tensions continue to increase. This makes a renewed national industrial policy impossible, because a mortgage such as, for example, the steel dossier "sacrifices the future, which is insupportable." When asked, Luc Van Den Brande goes quite far in this. He believes that even the option of a total break between Wallonia and Flanders, including defense matters and monetary policy, must remain open. "We are now engaged in the process of bringing the central government's 80 percent share closer to the federalized 20 percent. It would be better to reverse the relationship radically and leave only 20 percent of governmental matters with the national government...." According to the society, the people must be given the chance to speak out again about the form of government, particularly in view of the fact that the reforms already instituted are incomplete and not very efficient. The operation of the national government ought to be adjusted: the role of the prime minister would become a sort of chancellorship and the parliament must be able to demand the discharge of individual ministers without a total cabinet crisis. Parliament must be able to escape from the executive power's permanent blackmail. It is now "dead." A means to facilitate governing coalitions exists in instituting voting thresholds: below a given minimum, small parties which whittle away at politics would not gain access to the legislative chambers. Further, an end should be put to the politicization of the magistracy, for "the degradation of the security and the objectivity of the law continuously undermines our democratic freedoms." The same applies to the administration. "Politicization is the most modern form of intolerance and injustice."

5. Is all of this the CVP? The fall program of 1945 is still in force. From within, the party is still healthy, constructive, tolerant and solidary. "Every good, practicable proposal is accepted there" (Van Rompuy). It is in the triangle: party/parliament/government that everything goes wrong. There the unity of action is sick. The CVP ministers do not adequately comprehend the strength of their party. Herman Van Rompuy: "socialogically speaking, 60 percent of the Flemish people think the way we do. The CVP stands as a model for what Flanders is and can be. Unfortunately, Flanders is not Belgium. In national coalitions of twice two parties, the CVP has only one-fourth of the power. That produces a builtin disillusionment. If we are to govern in coalition with the socialists, it must be

from a persuasive position of power. They are our natural coalition partners, but the CVP must not weaken its positions gratuitously. The CVP is an enduring governing party which has led the country for a century. Its psychological possibilities are, therefore, greater than those of the other parties, which are never certain of the following cabinet period and therefore must achieve their own aims more greedily and impatiently." If they want to prevent the CVP from fulfilling its natural leadership position, they must not sacrifice a single one of its principles for that. "The CVP must once again set its program above participation in the government at any cost. Besides, profitarism is based upon opportunistic politics."

"With the courage of its convictions," (Lenaerts) let the CVP remain Flemish, European and superior, above the day-to-day struggle for importance. The society is very averse to "this topicality, by which today's interests, the momentary advantages, are shamelessly assigned priority."

That is "the pathology in which politics is currently practiced." The internal party apparatus of the CVP can be improved and democratized by the direct election of at least a majority of the party office holders and by limiting the number of ministerial cabinet members in the highest party structures.

So much for the discussion report. It met with quite a good reception and has rightly been given some attention. The question remains, however, whether it will disappear "into the cellars of Tweekerkenstraat," along with other famous CVP papers. Belgian political parties are not particularly accustomed to the procedure which this "society" (a more neutral term could not be found) has practiced, certainly not when such sharp criticism for the party's own ministers is contained in it.

On the level of day-to-day reality, however, the seven constitute a rather commonplace signal. Their action takes place against a background of a government which no longer has any program because of the fundamental political duality in its midst. The country is waiting for something. Objectively, it is waiting for elections in which nothing can be cloaked any longer in classical campaign tricks. The only question is how long the political class will hold out in continuing to refuse such elections. That class is still arranged along the lines of force from the Egmont period, while the political debate has long been concerned with something completely different. The silence on this matter by the higher officials in the Wetstraat makes it very difficult for anyone to make a useful prognosis. In all of this, Prime Minister Eyskens seems to have convinced himself, with his considerable powers of persuasion, that he will fight for his cabinet and his budget. He has bluntly launched a counterattack, with harsh words for his critics both inside and outside his own party. The fear of elections by both the higher monetary and economic circles and almost the entire party political milieu can help him there. Leo Tindemans's position, too, gains him a little time. Even those closest to him are wondering dazedly whether or not the time has come for the question of his successor.

The only thing that is clear politically, even according to the contentions of the seven, is the inappropriateness of the socialists as practical coalition partners for the CVP as it now wants to be. Herman Van Rompuy calls the socialists "a negative and destructive force." Vandenberghé softens that to "an unstable partner." Lenaerts accords them only a prosaic administrative role: "Socialists are good at setting up telephone connections."

This forced marriage cannot continue to radiate its barrenness on the country's legislation. The seven are right about that. What they are lacking, though, is a thinkable method of getting the historical break with the traditional Belgian welfare state translated into any procedure whatsoever of elections, consultations, royal palace, formation, governing platform. The political parties, after all, are opposed to one another more fiercely and more emphatically than ever before. They want to count noses. That would cause little disturbance if that counting could be done soon, well, and quickly. The Society for Christian Democratic Renewal seems to want very much to bring about this ritual. It even has a few secret weapons up its sleeves. Jurist Hugo Vandenberghe calls up the image of a Flemish society which can liberate itself from Wallonia by short-circuiting that district juridically. It would be perfectly possible, after all, to have the Flemish Council promulgate a number of decrees which would cut off completely the ties with Wallonia. That is possible, even up to the unthinkable, because the parliamentary democracy of Belgium does not now have at its disposal any constitutional organ (any supreme court) which is empowered to revoke any unilateral commonitary resolution at all. That is the absurd level to which Flemish-Walloon blackmail has risen. The frustration of this possibility calls for politicians of unparalleled caution.

Think what you will of the seven, they are floating on a deep undercurrent in Flanders. They can get the majority of the people behind them with simple techniques of persuasion. They will do that all the more fervently, because under the existing circumstances time is working against the CVP. Its following and the cohesion in its own ranks is shrinking from day to day. According to the usual polls, that phenomenon is acting even more severely against the PSC in Brussels and Wallonia. If a release is not offered speedily to all of these historically extraordinary tensions by means of elections, the accounting will be all the more ruinous later on.

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CSO: 3105/178

PROCEDURAL, POLICY CHANGES AT GREENS' PARTY CONGRESS

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 5 Oct 81 p 3

[Article by Friedrich Karl Fromme: "The Greens, Almost Unfortunately, Are on Their Way To Becoming a Genuine Party — The Offenbach Party Congress"]

[Text] Offenbach, 4 October — On Sunday at noon, the presidium of the Greens' Federal Party Congress beseeched the delegates to please be somewhat reserved about bringing up "GO" motions (which means point of order, a favorite means of gaining the floor at any time at party congresses and steering the deliberations in a given direction). A decision had been made beforehand to limit the floor to 5 minutes for candidates for the presidium, the offices of treasurer and secretary and for the other members of the executive committee. One delegate termed this "force" (the very worst of words for the Greens) and demanded 10 minutes. The presidium asked for consideration of what a 10-minute presentation by every single candidate would mean. The party congress reflected, and each delegate perhaps even performed a few calculations: 25 candidates at 10 minutes each would have meant more than 4 hours of conference time. The main issue of the congress, a "peace manifesto," had not yet been settled — on the contrary, a committee had spent a sleepless night over a compromise wording for the single "sticking point" (Greens language) left over from the previous day. And Sunday at 1600 hours was the time set for the party congress to end. That very morning, an older delegate had put through a motion declaring that the deadline had to be observed strictly and unyieldingly. He said that he and several others had to be at work on Monday morning.

Things had gone pretty much the same way on Friday afternoon, right after the congress had opened. The issue then was whether the party congress should take buses (that had already been hired — suspicion of manipulation) the next day, Saturday, to Alsfeld in Upper Hesse to pay a visit to the SPD Party Congress in progress there regarding the Frankfurt Airport's west runway that is scheduled to be built in accordance with the wishes of the Hesse State Government under Boerner (SPD). The opposing view was this: After all, people had come to Offenbach to decide on a peace manifesto and to elect an executive committee. The following suggestion was unceremoniously tossed in by a group of young delegates among whom several enjoy the advantage of an "alternative" life style financed from one source or another: Then we'll just stay in session longer on Sunday.

The Alsfeld action was rejected at first. The "GO" again helped bring another vote, and behold: the Alsfeld action went off as planned. It was found in retrospect to

be "terribly good," in the words of Baden-Wuerttemberg State Legislature Deputy Hasenclever, who is waging a valiant campaign to defend his cheerful, slightly alternative-style charm against the charge of belonging to the establishment. He described to the congress the mood that prevailed in Alsfeld as one which was indeed free of force but which nonetheless exuded the spirit of a "violation of the rules."

Nevertheless, of the round dozen panels that were supposed to spend Saturday morning preparing party congress resolutions on the "Peace Festival" — and which were told in consolation that half the congress would not be traveling to Alsfeld — just one held its meeting: the one on the subject of "Christians and Peace." Pastor Zink, who leans toward the Greens, set a theological tone, saying that a small, earnest group made up of older people and young people searching for "inner meaning" in an impressive way made this panel look like nothing but any bible group in any church congregation, and that Erhard Eppler of the SPD would have felt right at home here. Just the night before, his white hair parting in the middle and falling around his face in agitation, Zink had told the party congress he was going home, because he had come for some serious discussion, not to listen to endless procedural debates. But he stayed nevertheless.

And he was not wrong. For in spite of everything, the party congress proved to be "more normal" than its three predecessors in the 1980 Bundestag election year: Karlsruhe, Saarbruecken, Dortmund. There were clearly fewer bundles of overnight things than usual against the walls of the conference hall. It is true that none of the delegates wore the traditional politician's uniform of the gray, or even blue, three-piece suit, but the truly colorful figures were absent. Also absent was the supply of alternative nourishment outside the conference room. People were content with the customary food offered at party congress halls, and some probably brought something with them as well. Alcoholic beverages were not supposed to be served in the conference room, but many a delegate brought in his beer from outside. This time, too, the vast majority of the approximately 600 delegates were young people; those in their sixties were in the minority. Middle-aged people were almost nonexistent at this party congress, and wherever one was encountered, he made a somewhat awkward impression.

The Greens have come closer to the image of a regular party, with all its advantages and disadvantages. Indeed, they occupy seats in two state legislatures (Bremen and Baden-Wuerttemberg). Even though the parliamentary group in the Bremen State Legislature keeps its distance from the Green Party, there are still some cross-connections — just as there are with the Berlin "Alternatives" who are represented in the Chamber of Deputies. The party has seats in a number of communal parliaments, most recently in Hesse and Lower Saxony. "Fighting" words like those to the effect that soon they would be in every parliament met with openly enthusiastic applause at the congress — it was much easier for the delegates to call it a "party congress" than it had been earlier.

To be sure, the party has also come closer to the traditional parties in that differences in viewpoint can be brought under the mantle of vague compromise formulas. It would be biased to interpret this party congress's approach to "peace policy" as mere opportunism in the sense that a topic was sought and found which promised to reassure the younger portion of the audience, a topic which also helped mask antitheses because of its — as may be assumed among the Greens — fundamental

positiveness. But something like this certainly came into play; in addition, there was of course the need of a party whose self-confidence has been strengthened to make itself heard now in the area of foreign policy as well.

There was agreement that the party is against NATO's nuclear arms modernization plan. With some difficulty it was halfway agreed that attention should also be drawn to the Soviet Union's armament effort. But the attempt to accuse the Americans of an advance arms buildup out of a desire for world supremacy was headed off only with difficulty. There was, however, a lengthy argument about whether to demand that the Bundeswehr be abolished immediately or whether there ought to be only a gradual reduction of the defense effort. This battle was fought with all the tricks typical of parties, and it ended with nothing but a thinly disguised confession of indecision.

A further characteristic of parties emerged here. There was doubt about whether a delegate who spoke out against the call for immediate abolishment of the Bundeswehr -- in the sense of a radical pacifism, that is -- was doing so because he favored this himself or because he thought, or pretended to think, that it might play better to "the people out there." His concept of "social defense" -- in brief, he means the promise of civil defense action in the event of war -- appeared to be curiously split. On the one hand, "social defense" was the last, somewhat utopian, position in a phased downgrading of defense. On the other, "social defense" served as justification that defense should immediately cease to exist (abolishment of the Bundeswehr now, in other words). Consequently, the Offenbach Green Party Congress fought to the bitter end over a concept as unpopular as that of "social defense." The radical pacifists, like resolute minorities in other parties as well, demonstrated in the Green Party that they know how to lead the majority around by the nose.

7458

CSO: 3103/29

CONSEQUENCES OF SPD LOSS IN LOWER SAXONY COMMUNAL ELECTIONS

Hamburg DER SPIEGEL in German 5 Oct 81 pp 34,37

[Text] Following the SPD debacle in the communal elections, the Lower Saxony FDP is swinging toward the CDU. For Minister-President Ernst Albrecht, this has a "significance that reaches beyond the present."

Wilfried Hasselmann, state chairman of the CDU in Lower Saxony, thought he was in another world when he saw the results of the communal elections between the Ems and the Elbe: "Just like the Bavarians."

Karl Ravens, state chairman for the Social Democrats, felt quite differently: like one who "is swimming upstream" and has been swept downstream with his entire party.

The Free Democrats, who went into the election "geared toward people instead of numbers," came out on the short end once again but with first-class people, and they are already in the process of adjusting their compass to a new heading.

In Lower Saxony, where the Sunday before last a scant 5.4 million citizens had to choose new city parliaments, district legislatures and community councils, the Social Democrats met with disaster. Statewide, they slid 8 points from 44.9 percent in the communal elections 5 years ago to all of 36.9 percent — nearly 13 points in Delmenhorst and Oldenburg.

Where once the "red Guelph," Hinrich Wilhelm Kopf, held sway as a matter of course, and where Social Democratic majorities were widely considered impervious to the storm and native to the territory, the Christian Democrats have now "reached and broken through the 50-percent sound barrier" for the first time, as CDU government head Ernst Albrecht was able to state, beaming once again.

With a total of 50.2 percent (1976: 47.3 percent) — "tremendous," said Albrecht — the CDU took the majority away from the Social Democrats in 11 of 47 districts and non-district-affiliated cities, including Braunschweig and Osnabrueck. In three cities — Hannover, Salzgitter and Wilhelmshaven — and in two rural districts, they pulled even, so the SPD retained its absolute majority only in the East Frisian district (city of Emden, rural district of Aurich) and a relative majority in five other rural districts.

Both the winners and the losers saw primarily one reason for the voting shift: the trend, which has long since ceased to be a comrade. Resignation was the mood among the comrades on the SPD Presidium, which was receiving reports from Lower Saxony: No matter where the election had been held, the result would have been the same.

The Social Democrats saw "a dual opposition" (SPD Federal Executive Director Peter Glotz) at work in addition to the CDU: on the one hand, disappointed regular voters who did not vote and "stubbornly stayed home"; on the other, "a considerable number of younger voters," who voted against Strauss in the Bundestag election — for the SPD, in other words — but who now voted Green, Alternative or a variety of parties.

To be exact: 91.4 percent of the voters of Lower Saxony went to the polls in the 1976 communal elections; this time only 76.2 percent voted. And the Greens, who had not yet put in an appearance then, garnered a good 5 percent this time under various labels — probably most of them from the ranks of the SPD.

The fourth party upset the traditional three-cornered relationship of the established parties, wherein each could get along with either of the others — the same as in Berlin, but in an even more complicated manner.

While in Berlin a CDU-minority Senat can function against the SPD and the Alternatives only so long as it is tolerated by the FDP, nothing can happen without the Greens in Hannover for instance. Says Ernst Albrecht: "An especially difficult case, an impossible situation."

In the city of Kurt Schumacher, where Social Democrats have been able to depend on absolute majorities since the end of the war, they are now stalemated. SPD and CDU each will have 28 seats on the next council, and the FDP and the Alternatives are in a 4-and-4 stalemate. Meanwhile, the sole DKP man in this city hall is in a position to checkmate.

When in November it comes down to who elects whom as chief mayor — whether it will be Herbert Schmalstieg (SPD) again or Hans-Walter Koenig, a CDU member and plant physician at the Conti Works — Hannover SPD man and Professor Peter von Oertzen thinks the decision will be made "in the secrecy of the polling booth."

In the aftermath of the communal elections, stalemates like these will also prevent customary majorities elsewhere in Lower Saxony — in the cities of Salzgitter and Wilhelmshaven as well as the rural districts of Peine, Hildesheim and Schaumburg. Everywhere, says Ernst Albrecht, "people are going to have to do a lot of talking with each other, and I mean all around" — this will be quite difficult.

On the other hand, "in nine-tenths of the cases" that Albrecht has in mind, it could go one way or the other — even "in 95 percent."

One way: Namely, the minister-president sees the FDP downright "called upon to go with the CDU in dozens of situations" throughout the state — everywhere where it still needs someone in order to get into a position of power.

The other way: For many Lower Saxony Free Democrats, the election result rendered superfluous any discussion of which side would be backed by the party in the future

-- the party having had no representation in the state legislature since 1978. Deputy State Chairman Walter Hirche tacked into the wind: "We're going to have to gauge the overall weather picture."

More and more liberals think it is going to be increasingly difficult to maintain their own balance on the arm of the SPD. The FRANKFURTER ALLGEMEINE has already issued this warning: "One can...easily fall down oneself if one's companion is losing his footing on a slippery sidewalk."

The council has already taken this to heart in Lueneburg, where the CDU was left with a mandate amounting to less than an absolute majority. As early as the Monday following the election, the FDP, which had hitherto been allied with the SPD there, was ready to make the switch. The three FDP councilmen saw themselves "called upon to enable the strongest political group to take responsible action," just to "avoid conditions like the ones in Berlin," explained an FDP city hall politician.

To be sure, things could have turned out differently: 15 SPD members of the council, the 3 from the FDP and 4 Greens would have had a majority as well, but this option was not even discussed.

The official party position, quite to the liking of Ernst Albrecht, is that the Lueneburg solution is viewed as a model. Says FDP Deputy Chairman Hirche: "It's always simpler with one partner than in a three-cornered relationship."

This new unity also showed up in Braunschweig, where the FDP similarly does not want to work as part of a trio with Social Democrats and Greens but prefers to support the CDU, which otherwise would be unable to govern.

The changeover in city halls that had been "red" until now is not only of local importance. The change of sides by the FDP, acknowledged Lower Saxony government chief Albrecht, "has a significance that reaches beyond the present."

State legislature elections will be coming up this spring. According to his calculations, the liberals -- already of a conservative bent -- will then preserve control for him against the Social Democrats and Alternatives.

For Albrecht, the significance of the CDU victory and the FDP switch reaches all the way to Bonn. Now that his party associate and colleague in Kiel, Gerhard Stoltenberg, has just suggested himself as a candidate for the chancellorship (SPIEGEL, No 40, 1981), Albrecht sees new strength for himself as a fellow candidate.

But unlike Stoltenberg, his only response to questions about his Bonn ambitions is a smile: "I have no need to respond."

7458

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LEGALITY OF BERLIN EVICTIONS DEBATED

Hamburg DER SPIEGEL in German 28 Sep 81 pp 32, 25, 38-39

[Article: "Are Raiding Parties Entitled to Self-Defense?--The Confused Legality of Evictions"]

[Text] After the police were dispatched, Berlin's Internal Affairs Senator Heinrich Lummer was well prepared with arguments in favor of clearing the occupied buildings. The issue, he said was "the security of the constitutional state;" the "protection of the rights of property owners" and "the necessary right of modernization." Where building repair crews are "standing in front of the door," said the Christian Democrat in justifying the action, the squatters had to leave.

Slogans of this sort, which are based more on political opportunism than on legal considerations, are hardly suitable for justifying the legality of the police action. Alfred Emmerlich, Bundestag SPD legal expert, criticizes that in the pro and con arguments about evictions the "legal aspects have been obscured rather than made clear." The legality of the situation is confused besides.

Berlin's Prof Fritz Eberhard, coauthor of the basic constitutional law, accords to the squatters a "constitutionally sanctioned right of self-help" for the attainment of their objectives. Regensburg's law professor Friedrich-Christian Schroeder feels that owners are entitled to use "private force against illegal actions" against their property.

This looks like a standoff and blurs the role of public law enforcement--when may the police intervene, is it even required to do so, or is it prohibited from acting?

The political parties have argued ever since houses were seized about criteria to be satisfied prior to an eviction. Is it sufficient to merely fulfill the legal prerequisites? Or must political and psychological considerations play a role also? As was the issue in Berlin, could the risks of forcible eviction carry greater weight than acceptance of squatting?

Last April, administrative courts informed the SPD/FDP Senat then in power that the balance between a legal eviction notice and the risks of executing an eviction were of special importance in implementing the action--a consideration which is a prime example for describing the differences between old Berlin policy and the new Senat inclinations.

In a lawsuit in which the "APH Projektgesellschaft fuer Hausbesitz mbH und Co. KG" attempted to force Berlin's prefect of police to clear the house located in Kreuzberg, 45 Mittenwalderstrasse of squatters, the upper chamber of Berlin's administrative court denied the motion of the owners. The judges decided that the police had "no obligation" in the matter.

Basically, the decision read, it was up to the prefect of police "whether or not he clears the illegally occupied premises and if so, when and how, in his best judgment." His officers could only intervene when "the argument is restricted to the point that only one decision, i.e., to clear the premises, appears to comply with the law." However, inasmuch as other means of resolving a conflict are available (e.g., a peaceful "overall solution of the problem"), there were no prerequisites for a "socalled reduction of judgement to zero."

In April, when SPD Internal Affairs Senator Frank Dahrendorf was still in office, eviction did not take place. Two months later, under his successor Lummer, it did. The new man in Schoeneberg city hall interpreted the decision not as an encouragement to look for non-violent solutions, but rather as a challenge to use force as soon as he could detect no more room for maneuvering. As far as Lummer was concerned, "there was only one question: when?"

Apartment house owners, in calling on the police for help against squatters, take the stand that a punishable offense is to be dealt with. According to paragraph 123 of the penal code, trespass is committed by a person who "illegally penetrates into the living quarters or peaceful property of another person or who, while staying there without authorization, refuses to leave upon being asked to do so by the owner."

However, legal experts state that this law, written during the last century, does not cover the modern squatter. The former FRG constitutional law judge, Martin Hirsch, would grant him "differentiated treatment." And Muenster's law professor, Erich Kuechenhoff, is of the opinion that the owner, "in letting housing space remain vacant in violation of social obligation, himself destroys his entitlement to protection by the law." Says Kuechenhoff: "If a house is not being used, there is no such thing as trespassing."

This type of thinking has not caught hold in the legal establishment. Judges sometimes dismiss complaints by apartment owners because of negligible culpability or hand down work sentences to youthful squatters. Classification by the Federal court (BGH) still serves as the guideline. As far as the Karlsruhe judges were concerned 6 years ago, there was no question: squatters are to be sentenced for trespassing.

There is more: because inside an occupied building in Hamburg there were "offensive weapons in the form of split bricks and field stones" prepared for action, and "doors and windows were barricaded with planks, boards and chicken wire and the stairway barred with a nail-studded plank," the BGH elevated the squatters to "criminal assembly" status.

Even if squatters are accorded criminal status the police need not necessarily intervene. Every police action is subject to "prohibition of excess" as described by the constitutional court: the criteria of "necessity" and "relativity" are to be observed. All these are of course elastic concepts which leave considerable latitude to the law enforcers in their decision on what to do and what not to do.

In Goettingen the public prosecutor issued three search warrants based on information that inside the occupied building there were "fireworks and Molotov cocktails being prepared," as Chief Prosecutor Klaus Kutzer put it, and that "fugitives from justice" were present.

However, since there was a likelihood that "in Goettingen shop windows would again be smashed if we were to enter these premises," Kutzer said that the public prosecutor "agreed not to execute the search warrants in view of the principle of relativity."

In Berlin too, under the social liberal regime, the police refused to conduct searches in occupied buildings. This put it at loggerheads with the public prosecutor who cited the population's request to "live in peace under the law," as Chief Public Prosecutor Dietrich Schultz put it, which made it impossible to "further delay certain measures."

If it comes to dealing with punishable offenses going beyond trespassing or even, as was the case in Goettingen, to foil possible arson, then reticence on the part of the police, in the words of Munich administrative judge Klaus Vogel, "approaches the lowest permissible limit whose violation is tantamount to neglectful inactivity by police authorities."

However, if it is simply a case of evicting squatters from empty houses which have been approved for demolition, then the right to intervene by law enforcement organizations is restricted. Prosecution for complaints about trespassing takes place only, as indicated in paragraph 376 of the penal code, "when this is in the public interest."

And the police is obliged to protect private interests and property only, as most Laender laws state almost verbatim, if otherwise "law enforcement would be thwarted of significantly hindered" and if "judicial protection cannot be obtained in a timely manner."

Attempts by the owners of occupied houses to force the police into conducting eviction actions were therefore unsuccessful. Berlin's highest administrative court for instance denied such a request made by an apartment house development company because "refusal by the police to act was not based on faulty judgment," since it was based on the assumption (later proven correct) that eviction would be "followed by severe riots with considerable danger to the life, welfare and property of many uninvolved persons throughout the city."

In some locations police authorities referred property owners who came to them for help to the judicial process. If the property owner then obtains an eviction notice which he wants to execute, the police must be on hand if the squatters refuse to comply with the terms of the warrant.

But recourse to the courts is usually fruitless. This is because the complainants must provide the names of persons whom they want to evacuate their property--a practical impossibility considering the constant comings and goings of the squatters.

The owner of an apartment house in Hannover who could get nowhere with the police and who went to court was unsuccessful there as well. According to the Hannover

Land court the requested temporary injunction against a "variable number of 20-100 persons" in the housing rehabilitation project was inadmissible, since it was completely lacking in "possibility of verification."

Things are easier for complainants who want to remove disturbing elements from waterways. Duesseldorf's Land court last year issued a temporary injunction against "ten persons, identity presently unknown, who are currently disturbing shipping traffice aboard two floating rafts attached to the pilings of the complainant's loading ramp located at Rhine river kilometer X," disregarding the difficulty in delivering the warrant by the process server.

Since official help is frequently unavailable, property owners have been known to take matters into their own hands. In Aachen a building rehabilitation enterprise called in a private raiding party, which duly chased the squatters out and then used axes and sledgehammers to make the building uninhabitable. This raised the question as to the limits of self defense in the case of endangered property.

The civil law code (BGB) specifically permits self defense. Thus, paragraph 229 BGB provides that "if official help cannot be obtained in a timely manner," for "purposes of self help" it is permissible to destroy an object, to apprehend a fugitive or to overcome resistance. According to paragraph 859 BGB, the property owner may "immediately upon displacement of the culprit reoccupy the property."

Legal authorities consider the possibility of giving access to judicial means like self help and self defense to the layman to be fraught with danger. Warned penal code commentator Reinhard Frank: "Should anyone ever take it upon himself to make use of these rights to their fullest extent and ramifications, we could be faced with nearly intolerable conditions."

Hamburg law professor Wolfgang Hoffmann-Riem worries that if professional eviction troops march in, they make use of self defense rights which "because of most citizens' helplessness have purposely been generously conceived; this could result in the creation of positions of power in competition with the state itself."

9273

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BENVENUTO SAYS FACTORY COUNCILS 'NOT REPRESENTATIVE'

Rome LA REPUBBLICA in Italian 25 Sep 81 pp 1, 27

[Interview with Giorgio Benvenuto, by Giorgio Lonardi: "Democracy is not Functioning in the Factories"]

[Text] Milan--"Let's be frank. The factory councils are no longer representative." Giorgio Benvenuto, UIL [Italian Union of Labor] secretary general, has joined the controversy on terrorism and the unions, which is estranging the confederations. The UIL leader avoids tough language, he does not call anything into question, but neither does he use half measures. "In UIL we have made an investigation and found that 90 percent of the delegates are workers while 10 percent are white collar employees. Yet, the effective relationship is 60 to 40. But we have to go farther and see who these worker delegates are."

[Question] Who are they?

[Answer] Mostly men from the lowest levels. The specialists are a small minority. You can say that at least half of the Italian workers are not represented. For a union that wants to speak for everyone, this is a very serious matter.

[Question] In other words, you want to disband the factory councils and go back to the internal factory commissions, is that right?

[Answer] That's insane. In 1969 I fought against the internal factory commissions in behalf of the councils. But don't forget that at that time and until the early 1970s, the councils were really representative. Everyone took part in them--assembly line and specialized workers, technicians, and white collar employees. People talked together, they discussed issues. You saw this in the meetings, too. There was real participation.

[Question] And now?

[Answer] It doesn't exist any more. That is why I want to fight to make the councils an instrument of democracy again. Why, for example, is there no [national] council statute? Take Alfa Romeo, Fiat, and Italsider, to mention only these three great industries; their election methods differ completely. But the same thing is true elsewhere. The lack of a single statute simply provokes negative results.

[Question] What negative results?

[Answer] Generally you vote for the delegate in the homogeneous groups. But then, what happens?

[Question] Yes, what does happen?

[Answer] Very often a group is isolated so that a delegate will be elected just to thwart someone else. The men around De Gaulle, like Pompidou and even Giscard, built their own [power] groups deliberately to penalize the leftist candidates.

[Question] And something similar is going on in the Italian factories....

[Answer] In some of them, yes. That is why a uniform standard of procedure would guarantee democracy and greater participation.

[Question] And then?

[Answer] In some cases you would have to resort to the secret vote. I think of what happened in Turin when Lama, Carniti, and I were denied permission to speak. It was a disturbing experience, and not only because of the violence.

[Question] What advantage does the secret vote offer?

[Answer] Apart from violence, I have observed incredible things. People who oppose this or that vote against their convictions anyway. They are intimidated, pressured, frightened. In some cases, these offenses can be eliminated only by the secret vote.

[Question] Which brings us to terrorism. UIL in Lombardy has issued a document linking modification of the council system with the war on the Red Brigades.

[Answer] I should like to clarify that, and I think I also speak for my Lombard colleagues. We of UIL have been worried for some time about the council crisis. Certainly the question of terrorism has shown the need to prevent infiltration, for one thing. New problems are added to the old ones.

[Question] What do you suggest should be done?

[Answer] Reject the blackout. If we want to win the war [against terrorism], we must know who the enemy is. And we must provide security to the factory employees. I have UIL friends at Alfa Romeo and Petrolchimico in Marghera who have been threatened. In other plants, too, you will find an oppressive climate of intimidation. You can't, of course, ask anyone to risk the fate of Guido Rosso, but neither should everybody keep silent and just look around.

[Question] Do you have a problem with infiltrators?

[Answer] This is a matter we want to study attentively. At UIL we are going to hold a conference on terrorism; whatever suggestions come up we will convey officially to CGIL, CISL [Italian Confederation of Labor Unions] and FLM [Federation

of metalworkers]. For one thing, we will ask for some kind of union check before any delegate to the council is endorsed. Moreover, if any member is accused of terrorism, he must be suspended from the organization as a measure of caution.

[Question] Some people accuse UIL of taking pot shots against the PSI. In effect, they are saying that, beginning with Lombardy, that's the game you are playing, and that the debate on the councils is only a cover for you socialists to seize the maximum control in the factories.

[Answer] That's ridiculous. Are you joking? It's the same imputation people made against you whenever you spoke badly of the DC during the time of national unity; you were accused of being anticommunist. But unfortunately, many union members stopped doing that in 1969. Yet here we are in 1981, and many things have changed--to begin with, the factory councils.

[Question] Then you agree with the Lombard UIL's view of terrorism, which provoked CGIL's denunciations, first, of all by its Lombard secretary Pizzinato....

[Answer] I can understand the anxieties of our Lombard colleagues, who stand in the front lines of the battle.

Thus speaks Benvenuto. But signs of disagreement within UIL are in evidence. For example, the metal workers who met in Lavinio to review the situation in the country protested Lombard UIL's viewpoint. But the language is prudent and faithful to the purest union style: UILM [Italian Union of Labor--Metalworkers] is asking for a "pronouncement from the central organisms of the confederation." This is easily translated into these terms: we are not in agreement with you, and we suspect that you want to tear down the factory councils. The metal workers' leaders in Milan also evince some "perplexities," nevertheless they go along fairly well with the regional chiefs.

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